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THE WHITE HOUSE
WASHINGTON
September 19, 1977

Frank Moore

The attached was returned in
the President's outbox. It is
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Rick Hutcheson

RE: MEETING WITH CONG. LEVITAS

cc: Tim Kraft

THE WHITE HOUSE
WASHINGTON

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		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

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	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE

WASHINGTON

September 14, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE *fm*

SUBJECT:

CONG. ELLIOTT LEVITAS

We contacted Congressman Levitas and suggested a time for him to come up and meet with you. He said he knew you would want to discuss the one House veto and said that he felt you would be unable to change his mind about this subject and, therefore, was probably not a good use of your time. However, he said if you would still like to meet with him he would be happy to do so.

no
✓

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THE WHITE HOUSE
WASHINGTON

September 19, 1977

Jack Watson

The attached was returned in
the President's outbox. It is
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information.

Rick Hutcheson

RE: CONCERNS OF THE GOVERNORS AT
THE NGC ANNUAL MEETING

THE WHITE HOUSE
WASHINGTON

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

September 16, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: CONCERNS OF THE GOVERNORS
AT THE NGC ANNUAL MEETING

As we had agreed, I met privately in Detroit with as many Governors as possible to hear what was on their mind and to explain major Administration initiatives to them. I met individually for 30 minutes or more with 17 Governors. In addition to raising numerous "case work" state problems on which we are following up, the following major recurring themes are notable:

o Energy

- While some production state governors were unhappy that the promised conference on energy production will be deferred until November, the expressions of displeasure were muted.
- Coal state governors in the West and Appalachia all felt that there was little real progress toward coordinating federal impact assistance. I was able to ward off a critical NGC resolution on impact assistance by promising that the Administration would more fully involve Governors and that we would move quickly on the issue.

o Water Policy

- The development of a national water policy is the greatest single concern of Western Governors. They were not speaking of the water projects but about water use, conservation, pollution and the like. They feel left out of the Interior-CEQ-OMB policy process and consider this to be the Litmus test of your commitment to consult with state and local governments in the development of major national policies. At least three Governors told me they consider development of water policy to be the

equivalent in importance and complexity to development of a national energy policy.

o Personnel

- Almost every Governor expressed unhappiness about the rate at which the Administration is filling regional appointments. The Governors also expressed unhappiness at the lack of regular prior consultation on regional and state appointments and the hit-or-miss procedures for notifying them prior to public announcements once personnel decisions had been made. ✓

o Urban Policy

- Governors of large urban states such as Governor Dukakis (Mass.) and of smaller rural states such as Governor Snelling (Vt.) expressed a strong desire to participate in the development of the national urban strategy. All of them emphasized the central role for the states in solving urban problems. ✓

o White House Conference on Balanced National Growth

- Several Governors expressed interest in the White House Conference and hoped that it would be a major public forum for the discussion of growth issues. There was some uncertainty about the degree of White House interest in the conference and the degree to which the Conference results would be integrated into the policy development process. ✓

o Welfare Reform

- There was cross-the-boards support for your welfare proposal as reflected in endorsement of the plan by the NGC by a vote of 31-4. The Governors consistently cite the development of the welfare reform proposals as the model of how your commitment to consultation can work well.

THE WHITE HOUSE
WASHINGTON

September 16, 1977

The Vice President
Midge Costanza
Stu Eizenstat
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell

The attached is being forwarded
to the President. This copy is sent
to you for your information.

Rick Hutcheson

RE: CONCERNS OF THE GOVERNORS AT THE
NGC ANNUAL MEETING

THE WHITE HOUSE
WASHINGTON

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THE WHITE HOUSE
WASHINGTON

September 16, 1977

The Vice President

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Rick Hutcheson

RE: CONCERNS OF THE GOVERNORS AT THE
NGC ANNUAL MEETING

4:15 PM

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

September 19, 1977

BRIEFING ON PANAMA CANAL TREATIES FOR SOUTHERN
SPEAKERS OF STATE HOUSES

Monday, September 19, 1977

4:15 P.M. (15 minutes)

Roosevelt Room

From: Jim Free

27.

I. PURPOSE

To inform them fully on the details of the Treaties and to answer whatever concerns they may have.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: The Southern speakers are in Washington being briefed on the new energy policy, the welfare proposals and a discussion on the HEW dealings with State governments, and a meeting with Secretary Adams on transportation issues. We felt it was an opportunity to give opinion leaders from southern states a briefing on the Canal Treaties.

B. Participants: This group is composed of the speakers from 15 southern states. 14 of the states are represented either by the speaker or a member of the legislature, a total of 30 people.

C. Press Plan: No press coverage.

III. TALKING POINTS

Your presentation at the previous briefings for the States will be appropriate here with an emphasis on the need for state elected officials to support the Treaties.

X
Attachments:

Agenda

List of Invitees

AGENDA

3:15 P.M.	Introductions and Welcome	Frank Moore Assistant to the President for Congressional Liason
3:25 P.M.	Explanation of Treaties	Ambassador Sol Linowitz
3:50 P.M.	National Security	Charles Duncan Deputy Secretary of Defense and General George Brown Chairman, Joint Chiefs of Staff
4:15 P.M.	Remarks	The President

Speakers invited to attend briefing in Roosevelt Room
Monday, September 19, 1977, 3:15 P.M.

Alabama Speaker Joseph Charles McCorquodale, Jr.

Arkansas Speaker James Levesque Shaver, Jr.

Florida Speaker Donald L. Tucker

Georgia Speaker Thomas B. Murphy

Kentucky Speaker William Gordon Kenton, Jr.

Louisiana Speaker Edgerton Lewis Henry

Maryland Speaker John Hanson Briscoe

Mississippi Speaker Clarence Benton Newman

North Carolina Speaker Carl Jerome Stewart, Jr.

Oklahoma Speaker William Pascal Willis

Tennessee Speaker Ned Ray McWherter (whose father died
Saturday night; he may not be able to attend)

Texas Speaker pro-tem Richard C. Slack
(representing Speaker Billy Wayne Clayton)

West Virginia Speaker Donald L. Kopp

IN ADDITION

Ray Bass, Alabama State Representative

John Bragg, Tennessee State Representative

Hyatt Brown, Florida State Representative

Marcus Collins, Georgia State Representative

Charlie Deaton, Mississippi State Representative

Bob Furgeson, Mississippi State Representative

Elaine Gordon, Florida State Representative

Jack Gullahorn, Administrative Assistant to Speaker, Texas

Joe Frank Harris, Georgia State Representative

Dick Hellard, Kentucky State Representative

Fred Jones, Florida State Representative

Jerald Panneck, Maryland State Delegate

Leigh Pegues, Alabama State Representative

Bill Green Poindexter, Mississippi State Representative

Bobby Richardson, Kentucky State Representative

John Ryles, Flroida State Representative

Pete Turnham, Alabama State Representative

David Poynter, Administrative Assistant to Speaker, Louisiana

THE WHITE HOUSE
WASHINGTON

September 19, 1977

Frank Moore

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the President's outbox. It is
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Rick Hutcheson

RE: WEEKLY LEGISLATIVE REPORT

cc: Bob Lipshutz
Hamilton Jordan

THE WHITE HOUSE
WASHINGTON

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

Frank
J

ADMINISTRATIVELY CONFIDENTIAL

September 17, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

FRANK MOORE

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SUBJECT:

Weekly Legislative Report

1. ENERGY

Taxes: The Senate Finance Committee completed its hearings on the tax components of the House-passed energy bill and will begin mark-up on Monday.

-- White House Congressional Liaison will attempt to coordinate the Administration effort. If you concur, Larry Woodworth will be the principal spokesman but will work closely with the DOE. *ok*

-- As you know, we have an uphill fight in the Committee and in the Senate to salvage the user tax, crude oil tax, and the per capita rebate. The situation was further complicated when Senator Long released a letter from Senator Byrd urging that the bulk of revenues from "a crude oil equalization or gas guzzler tax" (no mention of a user tax) should not be rebated generally but should be used for three purposes: 1) development of alternative domestic fuels; 2) development of mass transit; and 3) construction and modernization of rail systems to transport coal.

-- In keeping with his usual practice, Long gave some public indication of his views on the last day of the hearings. We expect him to propose:

- (1) A type of Reconstruction Finance Corporation for energy, using funds from crude oil tax to provide subsidies to various forms of alternate energy production and conservation.
- (2) Creation of Energy Trust Fund to finance guaranteed prices for such high cost energy sources as shale oil and geopressurized methane.
- (3) Deletion of oil and gas use tax, particularly as applied to utilities. He may oppose the entire tax unless it is limited to a flat boiler fuel excise tax on gas and oil with some exemption process for those firms and utilities who have done all economically feasible conversion and replacement.
- (4) \$100 to \$200 million subsidy for inter-city bus companies to provide for capital improvement and to subsidize fares.
- (5) Refundable tax credit for conservation measures and solar installations.

- (6) A fund to provide assistance for curtailed gas users to find alternative fuels to be financed via tax on priority users of gas to insure that priority users do not obtain windfalls from low-priced gas contracts.

-- We will give you daily reports on the Committee's actions.

Natural Gas: The Senate Energy and Natural Resources Committee voted to send a plan to control natural gas prices (Part D of the original Administration plan) to the Senate floor without any recommendations. After defeating a measure to lift controls by a vote of 9 to 9, the Committee approved by a vote of 14 to 2 a proposal by Senator Hansen to report the bill to the Senate without amendments or endorsement.

On Tuesday, September 20, the full Senate will begin consideration of the natural gas pricing issue, with the first major vote occurring Wednesday on the Pearson-Bentsen deregulation measure. (The Pearson-Bentsen measure would deregulate new onshore natural gas immediately, retain controls on old gas previously dedicated, and deregulate off-shore natural gas in five years, with a gradual lifting of prices until that time, based on production costs.)

We are in trouble on this vote. The current count is as follows:

+ = 33, L+ = 8, ? = 4, L- = 15, - = 40

Congressional Liaison and Dr. Schlesinger's office have been making contacts all week in anticipation of the floor vote, but we need a major Presidential and Vice-Presidential telephone effort if we are to be successful. You will receive a list of recommended calls on Monday. ok

2. PANAMA

State reports that attention is now focused on the upcoming Senate Foreign Relations Committee hearings on Panama. The Administration will testify the week of September 26, with Secretary Vance, Secretary Brown, General Brown, and Attorney General Bell as our star witnesses.

A closely coordinated inter-agency effort is underway to ensure that all major questions are covered and that a united Administration theme is presented. In the interim, State and White House Congressional Liaison offices will contact undecided Senators to ask that they remain neutral until the hearings are concluded. The Committee intends to hold an additional two weeks of hearings with Congressional and public witnesses. We hope that all hearings will be concluded in October.

The State Department has organized a special Panama Task Force, under Doug Bennet's direction, to coordinate all State activities relating to Panama and to respond to an enormous number of requests for Panama information from the Hill. Additional staff and resources have been put at the Task Force's disposal.

Soundings on the Hill indicate that the opposition has picked up some momentum as a result of the large amount of mail being received in Senate offices as well

as Reagan's appearance before the Allen Subcommittee. Most Senators, however, seem to be weathering the pressure well, and any major change in the present lineup is not anticipated. The Hill continues to press for a much larger public education effort on the part of the Administration and continues to encourage the President to "talk to the people."

Frank - see me on this

3. AWACS

-- Although no resolution of disapproval has been introduced, the Senate Foreign Relations Committee will hold an AWACS hearing on September 19. State advises that the GAO testimony, while critical of the DOD study, will be balanced. The House International Relations Committee is yet to schedule any sessions, and Chairman Zablocki has indicated he will not do so unless a resolution of disapproval comes before his Committee.

-- State reports that with it increasingly apparent that we have the votes to defeat any adverse resolution, interest in the subject is shifting to a new issue: Is the sale to be included in the FY 1977 or FY 1978 ceiling? Senator Byrd, Senator Culver, Congressman Hamilton and Senate Committee staff have all expressed interest in the matter. State advises that at the Senate Committee meeting on Monday, there might be an effort to generate a consensus for pressing the Administration not to include AWACS in the FY 1977 ceiling. The force behind the argument is the implied threat that any failure to reach an accommodation could result in a Congressional bid to legislate a rigorous arms transfer policy of its own, including an inflexible ceiling for next year. State hopes that procedural questions such as this would not muddy the waters as they did in July.

-- NSC, Defense, and State have apparently concluded that we can include the sale in the FY 1978 ceiling without disrupting contemplated future sales. The main arguments in support of this strategy are:

- 1) It would possibly placate opponents of the sale as well as those who want to write a strict Congressional arms transfer policy; and
- 2) It would lower the total amount of FY 1977 FMS from approximately \$11.1 BILLION to approximately \$9.9 BILLION.

-- Mitigating against this strategy is our announced intention to include the sale in the FY 1977 ceiling (in your pre-recess letter temporarily withdrawing the sale and, presumably, in private talks with Senator Byrd). However, NSC, State, and Defense feel that the unique circumstances surrounding the withdrawal/resubmission and the fact that the 30-day period will not expire until after the beginning of FY 1978 would mute any criticism of deviating from previously announced intentions.

4. NUCLEAR NON-PROLIFERATION BILL

-- State reports the House Rules Committee blocked consideration of the Nuclear Non-Proliferation bill in a stormy session last Wednesday. Congressmen Mike McCormack and John Anderson, using an Administration memo critical of the bill, argued that the Committees had not done their work and that the

Administration did not support the legislation. Jack Bingham argued that the general approach of the bill had Administration support and said that he would offer technical amendments to bring the bill's provisions more in line with Administration policy. Rules Committee members, strongly influenced by what appeared to be confusion as to the degree of Administration support, agreed to put aside the legislation until the difficulties were worked out.

State has been working with Rep. Bingham to write amendments and correct some troublesome statements made in the Committee report. Bingham now understands that he needs unequivocal Administration support. There continues to be differences over the extent to which the "timely warning" standard should govern the triggering of punitive actions we take against countries developing re-processing facilities. State is seeking more flexibility in this area so that arrangements such as the Tokai Agreement with Japan will be permissible in the future. Bingham's staff sees this desire for flexibility as a retreat by the Administration. State feels that Bingham will be reasonable; but, if we do not find a satisfactory resolution, it is possible that Bingham could drop his efforts to gain passage of the bill and publicly charge the Administration with backing off its commitment to control the proliferation of nuclear materials. Even if an agreement is reached on the timely warning issue, State believes McCormack and Anderson will make an effort to have the bill recommitted, thereby killing it for this session of Congress.

The bill is tentatively scheduled for House action at the end of next week (subject to a rule being granted), after action on the two House ERDA authorization bills. The convergence of these three bills in the House next week is likely to cause a great deal of confusion among Members.

5. BREEDER REACTOR

-- Jack Bingham has written several "Dear Colleague" letters on both the CRBR and his Non-Proliferation bill further confusing the Members. The CRBR vote is scheduled to come up on Tuesday, but could be put off because of legislative backlog. The confusion on the Bingham Non-Proliferation bill is hurting the Breeder vote because of the added emphasis on the non-proliferation aspects of the Clinch River project. The argument that cancelling the CRBR will slow down the commercialization of the Liquid Metal Fast Breeder Reactors around the world is not selling. Too many Members have been to Europe in the last few months and have been convinced that our action will have little effect.

-- At this time, it looks like we don't have the votes for the Brown amendment. Members are being lobbied heavily by the utilities and are being convinced that this project is important in making us an energy-independent nation. The most convincing argument on our side has become the economic impracticability of the CRBR along with the uncertainty of the technology. Bob Giaimo and Lud Ashley have now switched and committed to vote for the Brown amendment. We plan to ask both next week to use the economic and technological arguments against the CRBR. Also, on Monday evening Charles Schultz and Secretary Schlesinger will be on the Hill to talk with Members. This meeting could be the catalyst to move some undecided votes our way. We hope the involvement of Secretary

Schlesinger will help. Congressman Chris Dodd is planning to offer the \$75 million "compromise amendment" that was adopted by the Senate. It would appear this amendment would be adopted.

I'll help where needed

6. IFI AUTHORIZATION CONFERENCE REPORT

-- Treasury reports the following:

On Friday, the House rejected the Conference Report on H.R. 5262, the IFI Authorization bill by a vote of 153-230. After the vote, the House then passed an amended version of the bill and sent it to the Senate for further consideration.

The only changes in the amended IFI Authorization bill are in the human rights title. These changes proposed by Rep. Tom Harkin (D-Iowa), addressed the language adopted by the House-Senate Conferees which requires that:

"Where other means have proven ineffective to advance the cause of human rights, the U.S. shall "oppose" any loan unless (1) it is directed specifically to basic human needs or (2) "the President certifies that international human rights would be more effectively served by action other than a negative vote."

The new bill deletes the language "where other means have proven ineffective in advancing the cause of human rights" and the Presidential certification exception. In essence, therefore, the present bill requires the U.S. to "oppose" (defined to mean vote against, abstain or vote "present") loans to countries which violate human rights.

In view of the defeat in the House and the narrow margin of our victory on human rights in the Senate when the IFI Authorization bill was considered (the Abourezk-Hatfield amendment pattern after the Harkin/Badillo language was defeated 48-41), neither the House Banking Committee nor Treasury's legislative staff believes we stand to gain anything by pushing for another conference.

The Senate Foreign Relations Committee staff will recommend that the bill be taken up on Monday and adopted without referral to the Committee for any further consideration.

7. FY 1978 DEFENSE PROGRAM

-- DOD reports that the request for Cruise Missile funding and B-52 modifications appears to be receiving a reasonable reception in the House Defense Appropriations Subcommittee. However, the close vote on the B-1 in the House has revived some hope in those who want to continue the B-1 program. As a result, opponents are concentrating on defeating the B-1 recission. DOD believes we do not have the votes in the subcommittee and anticipates very close votes in the full committee and on the floor, and advises that compromises

are being explored and the matter should begin to come to a head next week. Also, DOD advises that in House and Senate Armed Services Committee action on the amended budget, the concept of modifying the FB-111 will be vigorously discussed.

Let's fight all the way

8. HOUSING & COMMUNITY DEVELOPMENT ACT CONFERENCE

Efforts are continuing to end the deadlock in the Conference on the HUD Fiscal Year 1978 Authorization Bill. We have followed up on your call to Senator McIntyre. He is willing to support us, if we can devise a way for Senator Williams to save face. As you know, Senator Williams has been far out front on this issue.

We are working with HUD and Senator McIntyre's staff to develop a one-year experimental impaction program as a means of compromise. Bill Cable has made initial contacts with Congressman Ashley on the subject, and he appears ready to talk. If the idea is perceived by McIntyre as a way out for Williams, the former will urge the latter to accept the compromise. McIntyre will then be inclined to support us, even if Williams refuses to compromise.

9. HUD FY 1978 APPROPRIATION BILL

It appears that the deadlock over the Beard Amendment (relating to veterans' benefits) is on the way to resolution. Senator Proxmire will await the results of conference deliberations on S. 1307 (Cranston-Thurmond bill relating to upgrading veterans' discharges) before bringing up the HUD Appropriations Conference report and moving to strike the Beard amendment from the bill.

We believe Conference agreement on S. 1307 is near, although we remain concerned about House provisions prohibiting the payment of benefits to deserters (180-day AWOL's) under any circumstances. We have insisted that provision be removed in conference.

Hold to Senate version

10. RENEGOTIATION

-- The House is scheduled to take up the Administration's Renegotiation bill next week. We do not have the votes to pass the bill. The latest vote count shows less than 100 Democrats supporting.

-- On Thursday, the Senate Banking Committee defeated the Administration-backed Proxmire bill and adopted as a substitute a Cranston amendment that would hold in abeyance the Board's authority until declaration of a national emergency by the President. The vote was 8-6. Senator Proxmire would like to carry the fight to the floor when the bill comes up next year. Given the close Committee vote, we think that is worth a try.

-- Unless we are willing to see the House defeat or at best recommit the bill, we should ask Subcommittee Chairman Minish to pull the bill from the House calendar.

11. SOCIAL SECURITY FINANCING

-- HEW reports the following:

During the week of September 12, the House Ways & Means Subcommittee on Social Security (Burke) held markup sessions on social security financing. Among the major items agreed to by the Subcommittee were the following:

1. Include all public employees -- Federal, State, and local -- under social security.
2. Decouple at a 43% replacement rate, a rate somewhat lower than that promised by the President.
3. Increase the amount that can be earned without loss of social security benefits to \$4,500 in 1978 and \$6,000 in 1979.
4. Exclude Disability Insurance and Survivors Insurance beneficiaries from the hold harmless provisions of a decoupling ten-year transition.
5. Freeze the minimum benefits and upgrade the special minimum benefits.
6. Prohibit State and local governments from pulling out of the social security system.
7. Move to a yearly rather than the present monthly earnings test.

On Friday, September 16, the Senate Finance Committee (Long) voted to accept a significantly modified version of the Nelson alternative (modified to add an additional 0.2% to the tax rate imposed on both employers and employees, beginning in 1981). They also accepted the provision adopted by Ways & Means that would raise the limit social security beneficiaries may earn -- to \$4,500 in 1978 and to \$6,000 in 1979 -- but with the important difference that the Senate version would not have tax and revenue implications until 1979.

12. MINIMUM WAGE

-- The Senate Committee on Human Resources reported a minimum wage bill on September 14 by a vote of 14-1. The Committee rejected (by a vote of 8-5) a Javits amendment to delete indexing and substitute straight dollar increases of \$2.65 in 1978, \$3.00 in 1979, and \$3.25 in 1980. The Committee also adopted a change in the tip credit which would phase it down to 20% of the minimum by 1983. The Administration's position was offered by Senator Eagleton and was rejected by a vote of 11-4.

-- The Senate may take the bill up as early as Friday, September 23, but will probably have no votes on the measure until the following week. The Labor Department feels that we have a good chance of winning on indexing although we may have to adopt a compromise which would terminate the indexing after six years. DOL is also confident that we can beat any youth subminimum. The tip credit is likely to be close in the Senate but we do not have a good feel for that one yet. If we win in the Senate, the Labor Department thinks an indexing compromise in the Conference report is possible.

-- However, in informal meetings with lobbyists for organized labor after the House action, White House Congressional Liaison was sounded out on a possible change in Senate strategy. They may want to walk away from a fight on indexing and go all out for higher dollar increases in 1978, '79, and '80 (somewhat similar to the Javits amendment mentioned above) on the grounds that the House will instruct its conferees not to accept any compromise on indexing and the entire bill may be jeopardized.

-- The Labor Department argues against this possible strategy citing our welfare reform proposal, some provisions of which are built around anticipated enactment of minimum wage indexing.

13. BLACK LUNG BENEFITS

-- Next Monday, the House is scheduled to consider a committee substitute to the bill which removes some of the objectionable provisions. In exchange for Administration support for the Thompson-Andrews substitute and opposition to the Erlenborn substitute (which the Labor Department advises would transfer the program back to states without adequate benefit coverage), Chairman Perkins has agreed to reduce budgetary impact when the bill reaches Conference.

-- The Senate bill is being held for final vote pending completion of the House action.

14. TIMBER SALES

The Senate Thursday, by vote of 60-29, passed S. 1360, which creates an Advisory Committee on Timber Sales Procedure. The key issue in the bill, which is opposed by the Administration, is sealed-versus-open bidding on timber sales. The bill is pro open bidding and previously cleared the House Agriculture Committee by a vote of 22-20. USDA believes that given the President's known opposition and an anticipated tough fight in the House Rules Committee, the bill will not come to the House floor this session.

Good

15. MISCELLANEOUS

-- The Executive Office Reorganization Plan was approved by Chairman Brooks' Government Operations Subcommittee last week by a vote of 8-1 (Rosenthal voted against). OMB does not anticipate any problems in full Committee.

-- The Intelligence Committee hearings on Panama are getting minimal attention on the Hill. Bill Miller, Committee Counsel, is embarrassed by the leaks coming out of the Committee. Apparently he has a good idea which Senator is responsible. *who?*

-- Rep. Cardiss Collins reportedly has given her proxy on AWACS to Gerry Studds. This is the first shift since your phone calls. *she committed to me -*

-- Rep. Frank Evans (D-Col) announced Friday that he would not seek re-election to the House. The conservatism of the region was a primary motive.

-- Rep. Frank Thompson, while marking up our Labor Law Reform bill, needs assurance of our early active and vigorous involvement in passage.

-- Rep. John Brademas is very upset about the lack of consultation by HEW on the Department's reorganization of the Office of Human Development.

-- The following unsolicited observations on Bert Lance were picked up by Congressional Liaison staff last week:

Nordy Hoffman has been home with a cold the entire week, so he has watched the television coverage of the Lance hearings from gavel to gavel. In his opinion, Lance performed superbly and is succeeding in turning public opinion in his favor. He feels the Committee has embarrassed itself in the matter.

Senator Hollings believes Bert Lance performed splendidly in the hearings this week. He is strongly supportive of Bert.

Senator Eagleton's performance in the hearings received mixed reviews in the cloakroom. A number of Senators congratulated him on his aggressive comments on Senator Percy's performance. Others cautioned him on getting too far out front in Bert's defense in case he should be embarrassed by subsequent disclosures.

Senator Durkin volunteered the comment that Bert Lance has "done very well" in the hearings and "more than held his own."

-- Commerce reports that the Senate Commerce Committee is concerned that they never recieved a written response to their letter requesting access to FBI files on all nominees.

*The answer is No.
See Lipschutz*

FLOOR ACTIVITIES FOR WEEK OF SEPTEMBER 19

House (Conference Reports may be brought up at any time.)

Monday -- Call of Consent Calendar

-- H.R. 4544, Black Lung Benefits Reform Act of 1977.

-- H.R. 8655, Debt Limit Temporary Increase. According to OMB, the Administration does not object to this bill to increase for one year the current \$300 BILLION temporary debt limit (which expires September 30, 1977) to \$375 BILLION, but would prefer that the limit be raised to \$383 BILLION

Tuesday -- Call of Private Calendar

-- H.Res. 687, Members' District Office Space.

-- H.R. 6796, ERDA Authorization, Civilian (votes on amendments and bill).

-- H.Res. 760, Authorize Assassination Committee to Apply to Courts.

Wednesday-- H.R. 3, Medicare-Medicaid Anti-Fraud and Abuse Amendments (vote on rule only).

According to OMB, the Administration supports the objectives and the major provisions of the bill which would strengthen the ability of HEW to detect, prosecute and punish fraudulent activities under the Medicare and Medicaid programs. The bill as reported, however, contains certain objectionable provisions, including: 1) a highly objectionable confidentiality of medical records provision in the House Ways & Means version of the bill; and 2) 90% federal matching payments for training in claims handling and for the establishment and operation of the state Medicaid fraud control units.

-- H.R. 7073, Federal Insecticide, Fungicide and Rodenticide Act (vote on rule only).

-- H.R. 8638, Nuclear Anti-Proliferation Act of 1977 (vote on rule only).

-- H.Res. 70, To Establish a Select Committee on Population.

-- H.R. 6566, ERDA Authorization, Military (vote on amendments and bill).

-- H.R. 5959, Renegotiation Reform Act of 1977.

-- H.R. 5383, Age Discrimination in Employment Act Amendments.

Thursday -- H.R. 3, Medicare-Medicaid Anti-Fraud (general debate only).

-- H.R. 7073, Federal Insecticide, Fungicide and Rodenticide Act (general debate only).

-- H.R. 8638, Nuclear Anti-Proliferation Act of 1977 (general debate only).

Friday -- H.R. 3, Medicare-Medicaid Anti-Fraud (votes on amendments and bill).

-- H.R. 8638, Nuclear Anti-Proliferation (votes on amendments and bill).

Senate

-- The Legal Services Corporation bill may come up on Monday. General debate on natural gas pricing is scheduled to begin on Monday with votes beginning on Wednesday. If the Senate finishes natural gas pricing, it will take up the minimum wage bill. The HUD Authorization Conference Report, HUD Appropriations Conference Report, and Upgraded Discharges for Veterans bill may come up provided problems in conference can be worked out.

LEGISLATIVE TEAMS

Our decision to create staff teams to devise and implement legislative strategy is beginning to pay off. The teams consist of appropriate agency personnel, as well as staff from various White House offices (Congressional Liaison, Domestic Policy, Public Liaison, etc.). The teams are beginning to meet regularly, and strategies are being developed and carried out. What follows are summaries of reports filed with our office during the past week.

1. Campaign Financing -- In view of the defeat in the Senate of the public financing title, our strategy will focus on passage of the Federal Election Act amendments in a form acceptable to the White House. Amendments adopted by the Senate are acceptable, and the House committee staff has been in contact with the White House on its version.

2. Voter Registration -- H.R. 5400 was reported by committee in May; a floor vote has been postponed twice. Major compromise floor amendments were agreed to in June and July, but no floor action is anticipated. At this time, there is no consensus among the White House, bill sponsors, and the House Leadership on future plans. The most likely step is to return the bill to the House Administration Committee for re-working.

S. 1072 was reported by the Senate Rules Committee in May, but no floor action will be sought until decisions are made in the House.

3. Hatch Act Reform -- Hearings were held by the Senate Governmental Affairs Committee in mid-July; Senator Sasser chaired the hearings. Further hearings are scheduled for September 19 and 22. At that time, the Committee hopes to complete mark-up prior to the October adjournment.

Senator Sasser has not yet committed himself to be the bill's floor manager, but he is being encouraged to do so. We hope to have a floor vote in January or February.

4. Lobby Law Reform -- In the House, the Judiciary Subcommittee chaired by Congressman Danielson has completed mark-up. The "clean bill" is numbered HR 8494. Team members are working with Common Cause in an effort to get the full committee to include improved Executive branch and contract coverage provisions.

In the Senate, hearings began August 2 and will continue later this month. There are two key Senate bills (S. 1785 - Kennedy and S. 2026 - Muskie/Mathias); S. 1785 is the Common Cause bill and S. 2026 is strongly backed by ACLU. The Kennedy bill is the main legislation in the Senate, but it currently contains contracting and Executive branch language which is unacceptable to the Administration. However, in view of Common Cause's agreement with our position, acceptable changes are anticipated.

In addition to Common Cause, our team is keeping in touch with AFL-CIO, the Chamber of Commerce, NAM, ACLU, and Nader's litigation unit.

5. Consumer Agency -- Reports of the demise of our consumer agency bill may turn out to have been premature.

While the vote count in the House shows that we are still down by about 20 votes, a shift in our favor is possible.

There is a consensus between our ACP team and House Leadership and committee staff that a substitute bill (eliminating or altering major hurdles) is needed. Drafting of a substitute is proceeding. It is hoped that new language will (1) give our supporters a shot of enthusiasm; (2) win some allies among the so-called "undecideds"; and (3) convert a few key opponents of our original proposal.

A working group of House Members has been enlisted to help us do the necessary brokering and recruiting. The group, which will have a breakfast meeting at the White House Tuesday morning, includes: Rosenthal, Fascell, Burton (John), Preyer, Waxman, Moffett, Kostmayer, and Tucker.

By renewing activity of this sort, it is hoped that the rumors that "the consumer agency bill is dead" or that "the White House has given up" can be squelched. However, it may require more direct Presidential involvement.

6. Airline Regulatory Reform -- Progress in mark-up in the Senate Commerce Committee continues to be characterized by "fits" and "starts". The major stumbling block is the question of automatic market entry (AME). Six Members (Magnuson, Melcher, Griffin, Stevens, Goldwater and Schmitt) have banded together to defeat the provision and substitute it with one that merely directs the CAB to adopt an AME program by regulation. We oppose this effort, and instead support a substitute by Cannon and Danforth. We could win on this issue, but so far Chairman Magnuson has failed to bring it to a vote. White House and DOT staff are working with Members and their staffs to break the deadlock.

In the House, the Aviation Subcommittee of Public Works and Transportation (chaired by Glenn Anderson) held field hearings in California during the August break. Further hearings are scheduled here in Washington between October 4 and 12.

Chairman Anderson is determined, however, to report an aircraft/airport noise bill before he moves on a regulatory reform bill. Staff from Congressional Liaison, Domestic Policy, OMB, DOT, State, STR, EPA, and CEQ are working on the noise issue. While the Administration remains opposed to several items in the draft bill, we hope to be able to begin negotiations with the Committee this week. A decision memo or an options paper may come to you early in the week, perhaps by late Monday.

We are stepping up our efforts to gain greater public visibility of the regulatory reform issue, with several Administration officials scheduled to make speeches in the next few weeks. Also, the National Governors Conference adopted a resolution endorsing reform legislation.

7. Financial Institutions Reform -- It is unclear whether or not the Senate will consider NOW account legislation this year. It depends a great deal on the progress of energy legislation and the condition of the Senate calendar.

The House subcommittee will hold hearings, but floor action this session is unlikely.

8. Cargo Preference -- The House committee reported our bill before the August recess; a House vote is expected before adjournment. The Senate counterpart has been modified to conform to our recommendations; mark-up is scheduled for September 20.

9. Hospital Cost Containment -- The Rogers subcommittee of the House Commerce Committee began marking up the cost containment legislation last week and will resume doing so on Monday, September 19.

10. Welfare Reform -- The Administration's welfare reform bills were introduced last Monday; they are HR 9030 by Rep. Corman and S. 2084 by Senator Moynihan. Briefings for House and Senate staffs will be held this week; hearings of Corman's "welfare reform" committee will also begin this week.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

September 19, 1977

C

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE FM.

I will meet Senator Byrd tonight and bring him to the study at 9:00 p.m. to discuss the subject you discussed with him last evening.

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for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

September 19, 1977

Hamilton Jordan

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: ASCS FIELD APPOINTMENTS

THE WHITE HOUSE
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
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<input type="checkbox"/>	<input type="checkbox"/>	MOORE
<input type="checkbox"/>	<input type="checkbox"/>	POWELL
<input type="checkbox"/>	<input type="checkbox"/>	WATSON
<input type="checkbox"/>	<input type="checkbox"/>	LANCE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

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<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
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<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

September 15, 1977

ASCS FIELD APPOINTMENTS

*Ham
J*

STATE COMMITTEES

Appointed	50
Awaiting White House Approval	<u>1</u>
TOTAL	51

STATE EXECUTIVE DIRECTORS

Appointed	15
Awaiting Security Clearance	9
Awaiting White House Clearance	4
In Process	8
Name Selected	5
Awaiting Formal Appointment	2
Retention Planned	<u>8</u>
TOTAL	51

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<u>STATE</u>	<u>STATE EXECUTIVE DIRECTOR</u>
Alabama	Wallace Steele - Awaiting Security Clearance
Alaska	Charles Marsh- Awaiting Security Clearance
Arizona	Steve Faltis - Planned Retention- Democrat Appointed by Sec. Freeman
Arkansas	A.C. Mowery - Appointed 7/18/77
California	Howard Mays - Planned Retention - Career employee, retention recommended by State committee and Congressional Delegation and Asst. Sec. Bob Meyer
Colorado	Charles Bishopp - Appointed 8/26/77
Connecticut	George M. Wilber - Nominated by Sen. Ribicoff
Delaware	O. Joseph Penue1 - Awaiting Security Clearance
Florida	Clyde Payne - Appointed 7/21/77
Georgia	Fritz Scarborough-Appointed 8/11/77
Hawaii	Clarence Chau - Planned Retention - Retention recommended by Congressional Delegation
Idaho	Harland Blackburn Awaiting Security Clearance
Illinois	William O'Daniel - Recommended by Sen. Stevenson; Congressmen Shipley and Simon
Indiana	Loyd Jones Appointed 8/1/77
Iowa	James K. Hatcher - Appointed 8/1/77
Kansas	Jim Ray - Appointed 7/25/77
Kentucky	Beverly Yeiser - Appointed 7/11/77
Louisiana	Willie Cooper - Planned Retention - Retention recommended by Congressional Delegation
Maine	Arthur Carroll - Awaiting Security Clearance
Maryland	James Voss - Awaiting White House Clearance
Massachusetts	Myron Maiewski - In Process
Michigan	Richard Grabemeyer - Awaiting Security Clearance

STATESTATE EXECUTIVE DIRECTOR

Minnesota	Howard Carlson - Appointed 8/11/77
Mississippi	D.L. Triggs - Appointed 6/29/77
Missouri	Alan King - In Process
Montana	Lvall Schaefer- Awaiting White House Approval
Nebraska	Glen Kruscher - Appointed 9/9/77
Nevada	Albert Pasquale - In Process
New Hampshire	Dennis Fenton- Planned Retention- Democrat Appointed by Sec. Freeman
New Jersey	John Olson - Recommended by Sen. Williams
New Mexico	Leo Griego - Awaiting White House Approval
New York	George Komer - In Process
North Carolina	C.P. Stewart - Awaiting Formal Appointment
North Dakota	David Strauss- Appointed 8/26/77
Ohio	Ralph Cochran-In Process
Oklahoma	John Goodwin - Nominated by various members of the Congressional Delegation
Oregon	Talbert Sehorn - Appointed 8/5/77
Pennsylvania	Carl Kaufman - In Process
Puerto Rico	Carlos Troche - Planned Retention - Democrat appointed by Sec. Freeman
Rhode Island	Richard Kenyon - Pending Retirement - Democrat Appointed by Sec. Freeman
South Carolina	Melvin Crum - Appointed 6/29/77
South Dakota	Wayne Testerman - Awaiting White House Approval
Tennessee	Royce Adams - Appointed 8/3/77
Texas	Leonard Williams - Awaiting Formal Appointment
Utah	Joseph Adair - In Process
Vermont	Al Heald - Planned Retention - Has status in position

STATE

Virginia

Washington

West Virginia

Wisconsin

Wyoming

STATE EXECUTIVE DIRECTOR

Leland Beale - Awaiting Security Clearance

Donald Heinemann - Awaiting Security Clearance

James Coburn - Recommended by Congressmen Rahall

Stewart Huber - In Process

Carl Otto- Awaiting Security Clearance

FARMERS HOME ADMINISTRATION STATE DIRECTOR STATUS, September 14, 1977

Ham
J

<u>STATE</u>	<u>ACTION*</u>	<u>DESIGNEE or NEW DIRECTOR</u>	<u>TARGET DATE</u>
Arizona	Transfer	Manuel Dominguez	October 30
Arkansas	Program Assistant	Sherman Williams	October 30
Alabama	Removed	Elizabeth Wright	October 30
Illinois	Resignation	Jon Lindfield	October 30
Iowa	Program Assistant	Awaiting Congressional recommendations	
Kentucky	Resignation	William Burnett	October 15
Louisiana	Resignation	Awaiting Congressional recommendations	
Maine	Detail/Program Assistant	Awaiting Congressional recommendations	
Delaware	Transfer	Awaiting Congressional recommendations	
Missouri	Program Assistant	Allan Brock	October 30
Mississippi	Detail/Program Assistant	Mark Hazzard	October 30
North Carolina	Program Assistant	Clifton Perry	October 30
North Dakota	Transfer	Fred Gengler	Now serving
Oklahoma	Program Assistant	John Ringwald	Holding
Oregon	Holding	Action papers for incumbent and designee prepared, awaiting Congressional input	
Virginia	Program Assistant/ Resignation	E.A. Ragland	October 18
Pennsylvania	Removed	Nancy Neuman	October 18
Puerto Rico	Removed	Jose Jimenez	November 15
Washington	Holding	Awaiting Congressional recommendations	
Wisconsin	Detail/Program Assistant	Larry Dahl	October 15
Wyoming	Program Assistant	Rudy Knoll	October 30

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<u>STATE</u>	<u>ACTION*</u>	<u>DESIGNEE or NEW DIRECTOR</u>	<u>TARGET DATE</u>
California	Removed	Lowell Pannell	Now serving
Colorado	Removed	Ernie Phillips	Now serving
Florida	Retirement	Mike Hightower	October 25
Georgia	Resignation	Robert Blalock	Now serving
Idaho	Vacant**	Andrew McCarter	Now serving
Indiana	Removed	Bud Posey	Now serving
Kansas	Removed	John Denyer	Now serving
Michigan	Removed	Bob Mitchell	October 25
Minnesota	Resigned	John Apitz	October 1
Montana	Vacant**	Wallace Edland	September 20
Nebraska	Vacant**	Leonard Hanks	Now serving
New Mexico	Resignation	David King	Now serving
New York	Resignation	Karen T. Hansen	October 1
Ohio	Removed	Gene Abercrombie	Now serving
South Carolina	Vacant**	Karl Smith	Now serving
South Dakota	Removed	Jack Weiland	Now serving
Tennessee	Resignation	Wayne Avery	Now serving
Texas	At-large	Bill Pieratt	Now serving
Utah	Vacant**	Reed Page	Now serving
Vermont	Transfer	Brian Burns	Now serving
West Virginia	Vacant**	James Facemire	unknown

*Action taken regarding incumbent in position

**Position vacant when current selection process was started

Ham
J

STATUS OF PRESIDENTIAL APPOINTMENTS

September 16, 1977

Status of
Prior Report
9/9/77

U.S. CIRCUIT COURTS

Appointed.....	1	0
Vacancies.....	10*	11
Nominations at Senate.....	3	4
Nominations at White House.....	2	0
Final Process at Justice.....	1	2
In Process at Justice.....	1	2

U.S. DISTRICT COURTS

Appointed.....	9	9
Vacancies.....	24*	24
Nominations at Senate.....	6	6
Nominations at White House.....	2	1
Final Process at Justice.....	0	1
In Process at Justice.....	6	4

U.S. COURT OF CLAIMS

Vacancies.....	2*	2
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U.S. ATTORNEYS (94 positions)

Appointed.....	41	39
Nominations at Senate.....	4	5
Nominations at White House.....	8	2
Final Process at Justice.....	4	4
In Process at Justice.....	9	14

U.S. MARSHALS (94 positions)

Appointed.....	28	22
Nominations at Senate.....	20	25
Nominations at White House.....	2	1
Final Process at Justice.....	1	4
In Process at Justice.....	20	24

During the last three weeks 25 nominations have been submitted to the White House.

*We are awaiting recommendations from commissions or Senators on vacancies where there are no candidates.

THE WHITE HOUSE
WASHINGTON

9-19-77

To V. P.

I believe we have escalated the CSCE talks enough by sending Goldberg. French, for instance, are already concerned about our overemphasizing the possible "confrontation".

J.C.

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

11:15 AM

Q

CABINET LEVEL MEETING ON MANDATORY RETIREMENT

Monday, September 19, 1977
11:15 a.m. (30 minutes)
The Cabinet Room

From: Stu Eizenstat

I. BACKGROUND AND PARTICIPANTS

A. Background

In response to my decision memorandum of September 12 (attached) you agreed to this meeting and asked two questions:

- how raising the upper age limit under the Age Discrimination in Employment Act from 65 to 70 would affect policemen and other similar employees; and
- how the proposed change would affect pension systems.

B. Participants

The Vice President, Secretaries Blumenthal, Kreps, Marshall, Under Secretary Hale Champion, Charles Schultze, Bo Cutter, Stu Eizenstat, Hamilton Jordan, Frank Moore, Nelson Cruikshank, Bert Carp, Frank Raines, Alan Campbell.

II. YOUR QUESTIONS

A. Impact on policemen and similar employees: There is an exception in the existing Age Discrimination Act which permits establishment of lower mandatory retirement limits where age is a "bonafide occupational qualification, reasonably necessary to the normal operation of the particular business."

The Department of Labor tells us that this exception applies where 1) the employer has a reasonable basis for believing that many persons over a certain age are incapable of effectively performing the duties in question, or 2) where there are no available measures for determining an individual's capacity for continuing to perform past a certain age. Although this exception is in the existing law,

it has not been tested as applied to law enforcement officers. Secretary Marshall notes that mandatory retirement of air traffic comptrollers before age 65 has been permitted based on proof that their performance declines with age. His belief is that "some age limits could be established for certain types of police work." Thus, an age limit on types of active patrol duty might be justified, while the same limits on desk duty might not.

We are exploring whether the FBI has conducted studies which would bear on these questions in the area of law enforcement.

Present law would probably permit earlier retirement for police officers, firemen, or others in similar situations, at least insofar as their physical activities, because of the current exception for "bonafide occupational qualifications." However, present law is not as clear as it might be and we could seek an amendment to except such employees.

B. Pension Systems: In the Labor Department's view, the proposed amendments do not have any adverse legal impacts on pension systems. Employers would not be obligated to credit years of service after age 65 toward pension benefits, and even where employers choose to do so, any increase in benefit payments would be offset by 1) shorter life expectancy after retirement and 2) interest from retaining contributions in the pension for a longer period. In fact, for most plans these factors would lead to savings to the extent that persons in fact choose to work beyond age 65.

However, it should be noted that to the extent that employees do choose to work beyond the age of 65, there may be pressure through collective bargaining and normal employment negotiations to alter the structure of pension benefits.

III. SITUATION IN CONGRESS

The House of Representatives is scheduled to vote on this bill on Tuesday. Because the House Committee passed the bill by unanimous vote, the bill is likely to pass in the House regardless of the Administration's position.

Senate Committee action is expected later this week. Senator Javits, with some support, is pressing for complete elimination of the age ceiling, totally prohibiting discrimination in employment with respect to age. It is likely that the Senate Committee will agree to raising the ceiling to age 70 as proposed by the House, regardless of the Administration's position.

Business Groups: After months of inactivity, in the last week the Business Roundtable has mounted an intensive campaign designed to secure a 90-day delay in enactment of the bill for a study of its impact (see attached letter). While the Roundtable's request and concerns are not unreasonable, it is unclear 1) that the Senate Committee would agree to a 90-day postponement even if we support it strongly; 2) that additional information of real usefulness could be developed in this period; or 3) that after 90 days (throwing the bill into an election-year Congress) our ability to achieve changes would be improved.

IV. OPTIONS

We have tried to explore additional options beyond simply supporting or opposing the bill:

- We could propose an exemption for high level executives, perhaps including senior tenured faculty members. This would largely alleviate the concerns of business and college administrators.

University leaders argue that under the tenure system, it is extremely difficult to dismiss senior faculty for cause, and so lifting the mandatory retirement age is likely to dampen employment opportunities for young people and slow affirmative action.

Business leaders share these concerns and also argue (somewhat inconsistently) that if mandatory retirement at age 65 is outlawed, they will be faced with the painful task of removing executives, who under the present system may be "carried" for several years until age 65, for cause. They argue that the change in the law may result in earlier dismissal of persons.

However, an exemption for executives and professors would provoke opposition from senior citizen groups, and weaken the impact of the bill since blue-collar workers generally seek earlier retirement.

- We could suggest phased implementation of the bill -- perhaps going to age 67 a year from enactment, and to age 70 in 1980. This might somewhat reduce the immediate impact of the bill. On the other hand, it would be seen as very unfair by those who miss receiving protection by only a few months.
- We could endorse a collective bargaining exemption as originally proposed by the AFL-CIO. However, the real problem is not in the area of blue-collar jobs, since these employees largely seek voluntary retirement before age 65. In addition, the AFL has bowed to pressure from seniors groups and is not lobbying for its position.
- We could propose a delay in the effective date. The bill is presently effective 6 months from enactment. An effective date one-year from enactment, or January 1, 1979, would provide easier transition, and allow a chance for amendments if difficulties are encountered. This option probably would be accepted by Congress.

With the exception of delaying the effective date, these options all would face difficult Congressional opposition. Momentum to increase the age limit to 70 appears strong.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

September 12, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Secretary Marshall's Memo
on Eliminating Mandatory
Retirement

Stu-
a) Does this mean
that we could have
69 year old Georgia
State patrolmen? This
b) How would this
affect retirement systems?
J.C.

Attached is Secretary Marshall's memorandum recommending that the Administration support legislation pending in Congress to eliminate mandatory retirement prior to age 70 in the public and private sectors.

Issue

The House Committee on Education and Labor has reported a bill raising the upper limit of the Age Discrimination in Employment Act from age 65 to age 70.

The Senate Labor and Public Welfare Committee is expected to act on similar legislation this week. The effect of this change is to outlaw mandatory retirement prior to age 70, even if such retirement is currently mandated under pension agreements. (The bill also amends the Civil Service retirement program to eliminate the present rule which provides for mandatory retirement at age 70. The Civil Service Commission has testified on behalf of the Administration in favor of this change, in part because few employees remain in service after age 70).

This legislation is very strongly supported by senior citizen groups. The Business Roundtable and the Chamber of Commerce oppose the legislation. The AFL-CIO supports an exemption which would permit mandatory retirement before age 70 to be negotiated in a collective bargaining agreement. However, neither the business community nor labor have pressed their objections strongly.

The bill is very likely to pass if the Administration remains silent. If we oppose the measure strongly, it might be delayed this year.

Background

About half of non-agricultural private sector employees are covered by a mandatory retirement requirement. Eighty-five percent face mandatory retirement at age 65.

Most workers voluntarily retire at or before the mandatory retirement age. A Harris Poll indicated that 37% of those who retired said they were forced to do so. However, only 15% said they would like to go back to work. The Labor Department estimates that between 150,000 and 200,000 persons over age 65 want to go back to work.

During your campaign you supported the concept of eliminating mandatory retirement.

Supporting Views

Secretary Marshall makes these points in support of raising the mandatory retirement age:

- o Studies indicate that workers over age 65 can be equally or more productive than younger workers.
- o The American Medical Association has pointed out that mental and physical capabilities are not based on chronological age; also, mandatory retirement is harmful to the health of older persons.
- o The addition to the labor force by these workers would be small and would not substantially disadvantage younger workers, minorities or women.
- o The increase in discrimination complaints is not expected to be very large.

Each of these points is disputed by other agencies.

Nelson Cruikshank, the Counsellor on Aging, recognizes the problems which the legislation would cause, but on balance supports the proposal. Commerce is on record as approving the proposal. The Civil Service Commission supports the provisions affecting federal employees and suggests that perhaps the federal government can serve as a model for the private sector, while the subject is studied further.

OMB has no views.

Opposing Views

Secretary Blumenthal opposes the proposal. He believes: (1) that an established retirement age avoids the arbitrariness of judging each employee's case individually, (2) that a change in existing law will lead to greatly increased litigation, and (3) that the change would reduce employment opportunities for the young, increase cost and inefficiency, and create great rigidity in the senior ranks of American business. The Secretary proposes as an alternative increased job programs for the elderly, improved pensions, permitting social security recipients to earn more, and more retirement counselling.

Secretary Califano also opposes the proposal. While recognizing the attractiveness of eliminating mandatory retirement, Califano is concerned about such "a profound new intervention by government into existing employment, retirement and pension relationships...." The Secretary shares many of the views of Secretary Blumenthal, and notes additionally that in employment systems with job tenure, such as in education and government, the proposal will lead to the retention of many high paid employees at the expense of younger workers. He suggests that the proposed commission on pensions be asked to study the issue.

Chairman Schultze proposes that the Administration ask Congress to delay action for a year while an interagency study of the impact is conducted. Schultze cites potentially serious economic consequences of the proposal including: an increase in the inflation rate; a reduction in promotion opportunities for minorities and women; and an increase in unemployment by 200,000 people or 0.2% increase in the unemployment rate. (Note: this is a change in how people are counted not in the real numbers of people who are without work.)

Analysis

If this issue is seen primarily as one of civil rights (as Secretary Marshall and Nelson Cruikshank see it), then an increase in the retirement age is hard to oppose.

On the other hand, if the main question is equity in the distribution of job opportunities, then a strong case can be made for retention of mandatory retirement. Analyses by both CEA staff and private corporations indicates that minorities and women will lose job and promotion opportunities if the mandatory retirement age is raised. These effects will be concentrated in higher education, government and the executive ranks of business. Moreover, the proposed change will have unclear but possibly significant impacts on public and private pension systems, collective bargaining agreements, inflation and unemployment rates.

Some of the undesirable consequences of the change might be mitigated if executives were exempted from the coverage of the act and if an agreed upon automatic retirement date could be arrived at as part of collective bargaining. Other changes might be developed after some careful study. Secretary Marshall opposes these exemptions as being contrary to the approach in other civil rights laws.

Recommendation

This is an extremely close call on which the evidence of potential impacts is sketchy.

Ideally it would be preferable to have more time to analyze these impacts before taking opposition on the legislation. However, if we ask Congress to wait while we study the issue, they may simply pass this highly popular initiative with no credit going to us. The vote in the House Committee in this legislation was 33-0. In any case the difficult weighing of competing arguments is not likely to be any easier next year.

On balance, I recommend support for this legislation. Most people will continue to retire at age 65 or before, so the overall impacts of the change are likely to be small. Mandatory retirement is a blunt tool for getting at the problems of entrenched bureaucracies and limited advancement opportunities. And there is no question that forced retirement is extremely frustrating and debilitating for many thousands of people.

I recommend that you discuss this issue with interested Cabinet members before taking a position. Both Secretaries Blumenthal and Califano have asked for such a meeting.

Decision

- I. _____ Support the pending legislation in Congress to eliminate mandatory retirement. (Labor, Commerce, Cruikshank and I recommend.)
- _____ Withhold support of the Congressional legislation pending a study of the consequences and alternatives. (CEA recommends.)
- _____ Oppose the pending legislation (Treasury, HEW recommend.)
- II. ✓ _____ Schedule a meeting with appropriate people on this issue.
- _____ Do not schedule a meeting on ~~this~~ issue.
- J*

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

97 AUG 1 AM 11

SEP 1 1977

MEMORANDUM TO THE PRESIDENT

FROM: Secretary of Labor *for*

SUBJECT: Pending Legislation to Raise the Upper Age Limit Under the Age Discrimination in Employment Act

In a July 26, 1977 hearing before the Labor Subcommittee of the Senate Human Resources Committee concerning legislation to amend the Age Discrimination in Employment Act of 1967 (ADEA), Senators Williams and Javits requested that the Subcommittee be given an Administration position on the issue of raising the upper age limit in the ADEA by Labor Day.

You will recall that in my July 5 memorandum to you concerning legislation to extend protection against discrimination in employment under the ADEA to individuals age 65 and older, I recommended that the upper age limit on coverage under the Act be raised from age 65 to age 70 or 72. In response to that memorandum, we received comments from several agencies concerning our recommendation that the upper age limit on coverage be raised.

This proposal was discussed at a July 15 meeting held by Mr. Frank Raines of the Domestic Council with representatives from several interested agencies. As a result of the meeting, we have prepared a research document discussing a number of issues related to the proposed modification of the upper age limit in the Act. We believe the evidence substantiates our position that the upper age limit should be raised from 65 to 70.

Our position in support of raising the upper age limit to 70 is based on the following considerations:

- Many people age 65 and older have been forced to retire though they would prefer to continue working.
- Studies of older workers have indicated that workers over age 65 can be equally or more productive than younger workers.
- Statements by the American Medical Association have pointed out that (1) mental and physical capabilities such as judgment, ability, and physical ability are not based on chronological age, and (2) mandatory retirement of older workers often leads to physical and emotional illness and premature death.
- The labor force impact of raising the mandatory retirement age to 70 would be extremely small and would not be expected to create major dislocations in other age brackets of the labor force.
- We do not anticipate an unmanageable increase in the level of complaints under the ADEA from a modification of the upper age limit.
- Raising the upper age limit to 70 is a sufficiently modest change in the current law to protect the needs of older workers without substantially affecting the opportunities of younger workers, minorities, and women.

The bill reported by the House Education and Labor Committee contains a provision that mandatory retirement for persons age 65 to 70 could continue in effect under a collective bargaining agreement until expiration of the contract or for two years following enactment, whichever comes first. This provision is similar to one adopted with respect to pay differentials between men and women when the Equal Pay Act was passed and would be acceptable as a compromise solution. However, we would oppose any blanket exemption for collective bargaining agreements which establish a mandatory retirement age of less than 70. Such an exemption would be inconsistent with the treatment of collective bargaining agreements in other civil rights statutes.

Several agencies have suggested new research on the issues involving older workers as a condition precedent to the Administration taking a position to raise the upper age limit under the ADEA. We have no objections to new research in this area. However, there are concerns of equity here that outweigh the long-used argument of citing the need for additional study as the basis for not taking a position on, or opposing, proposed legislation. We believe that the information now available to us is sufficient to warrant the Administration's support of raising the upper age limit to 70 under the ADEA. We recognize that there might be some unforeseen problems or consequences arising if the upper age limit were eliminated entirely; we have therefore recommended only raising the upper age limit to 70.

We are attaching comments made by other agencies with respect to the question of raising the upper age limit under the ADEA. Also attached is the research paper discussed previously. Included in this paper are background materials concerning (1) productivity of individuals age 65 and over, (2) employee preferences relating to retirement, (3) the prevalence of mandatory retirement requirements under pension plans and in employer policies, (4) the anticipated labor force impact of raising the upper age limit, (5) implications for collective bargaining, employer practices, pension plans and Social Security, and (6) the impact of extending coverage on the Department of Labor's enforcement responsibilities under the ADEA.

Attachments



The Business Roundtable

Irving S. Shapiro
Chairman

Reginald H. Jones
Cochairman

Thomas A. Murphy
Cochairman

September 14, 1977

To: Bert
NEW YORK
405 Lexington Avenue
New York, New York 10017
(212) 682-6370

G. WALLACE BATES
President

JAMES KEOGH
Executive Director—Public Information

RICHARD F. KIBBEN
Executive Director—Construction

WASHINGTON
1801 K Street, N.W.
Washington, D.C. 20006
(202) 872-0092

JOHN POST
Executive Director

Mr. Stuart E. Eizenstat, Assistant to
the President for Domestic Affairs & Policy
The White House
Washington, D.C.

Dear Stu:

You will recall that the question of amendments to Age Discrimination in Employment Act was brought up briefly in one of our meetings with you some time ago. Because of other pressing issues, we may not have given enough emphasis to the bills, HR 5383 and S 1784, both of which raise the mandatory retirement age in the private sector to age 70.

We are deeply concerned about the proposed legislation. We hope that, in developing an Administration position, you will be fully aware of our ideas about the proposed legislation.

The Business Roundtable believes that the potential far-reaching effects of the legislation on the economy, employment and the implementation of various laws such as Social Security, ERISA and EEOC have not been carefully weighed.

We believe a study of such effects could be completed before the end of this year, still during the 95th Congress. We further believe such a study should be undertaken, perhaps by a White House Task Force, in cooperation with the appropriate Departments within the Administration, as well as corporations, organized labor, minority groups, and all others who have an interest in this matter.

On behalf of The Business Roundtable, I assure you that our member companies will participate to the fullest extent.

I'll briefly outline the high points of our concern.

POLICY COMMITTEE: Irving S. Shapiro*, *Chairman* • Reginald H. Jones*, *Cochairman* • Thomas A. Murphy*, *Cochairman* • Ray C. Adam* • Frank T. Cary* • John D. deButts* • James L. Ferguson* • John D. Harper** • Robert S. Hatfield* • Frank R. Milliken* • Howard J. Morgens** • David Packard* • Charles J. Pilliod, Jr.* • Donald V. Seibert* • William S. Sneath* • Edgar B. Speer* • J. Paul Austin • Robinson F. Barker • William W. Boeschstein • Fletcher L. Byrom • John T. Connor • Justin Dart • Lewis W. Foy • Clifton C. Garvin, Jr. • Richard L. Gelb • W. H. Krome George • John W. Hanley • Edward G. Harness • Shearon Harris • Gilbert W. Humphrey • Ralph Lazarus • Donald S. MacNaughton • Robert H. Malott • Roger Milliken • Ellmore C. Patterson • John J. Riccardo • Richard A. Riley • David Rockefeller • George A. Stinson • W. Reid Thompson • Rawleigh Warner, Jr. • William L. Wearly • Arthur M. Wood • Richard D. Wood • Walter B. Wriston

*Executive Committee

**Senior Members



First, mandatory retirement has worked to the advantage of employees and companies. It allows corporations to make long-range plans with regard to its personnel opportunities and needs. It provides for the orderly transition of jobs from one employee to another. It contributes to high morale within companies because a mandatory retirement system has assured all employees that opportunities are available for them as the older employees earn their way to retirement; and, also, that all will be treated equally.

Second, the use of age 65 has become ingrained in just about all company policies and practices. To change the age limit abruptly and for all employees would be extremely disruptive, especially at this time, when companies are implementing aggressive equal opportunity programs in the hiring and promoting of minorities and women.

Third, the Labor Department has recognized that eliminating the mandatory retirement age would, in fact, reduce the number of jobs which normally open. I need not remind you of the most recent unemployment statistics for minority groups. I believe our concern for unemployment has been demonstrated this year by our cooperation in the President's HIRE program and most recently by our companies' participation in the "special" task force to study the question of unemployment.

Finally, many questions about existing health plans, life insurance coverage, etc., have not been answered. Moreover, conversations with Congressional committees lead us to believe that this legislation is primarily intended to help those persons who retire without the benefit of a pension; if so, perhaps retirement incomes should be studied; surely just raising the age cap will not solve the question of what a person will live on at his inevitable retirement at some point.

We have met with OMB and more recently with the Labor Department. I believe officials at the Labor Department will agree that our concerns were substantive rather than emotional. In the Congress, our contacts with the House have been minimal. It was simply a matter of being too late.

In the Senate, however, our concerns are fairly well known. In spite of these concerns, the Senate Human Resources Committee is scheduled to mark up a bill, probably next week. This emphasizes the importance of the Administration taking a position in favor of further study.

In an effort to salvage some practicality in the legislation, we have approached Committee members with the attached amendment for "management." The rationale is also enclosed. I must tell you that this amendment was not agreed to unanimously in business circles and was to be used only in the event that a call for a study completely failed.

The problem is complex and I have been more lengthy than intended. Just let me close by offering our cooperation again in any study of this issue.

Sincerely,



John Post

Enclosures

Sent as
mailgram

9-9-77

TO THE MEMBERS OF THE BUSINESS ROUNDTABLE

The House of Representatives today without dissent agreed to consider HR 5383, amendments to Age Discrimination in Employment Act. Floor action scheduled Thursday, September 15. This legislation will prevent employers from maintaining policy of mandatory retirement before age 70. In addition to private sector provisions, HR 5383 removes entirely age cap for certain Federal employees.

In the Senate, S 1784, which includes similar provision of raising the age cap to 70 in the private sector but has no provision for federal employees, was ordered reported unanimously by Labor subcommittee to full committee on Human Resources. Full committee is expected to act on S 1784 Wednesday, September 14.

Urgent that you let Congress know your opposition to this legislation. Far-reaching effects have not been adequately considered. Examination of result on youth and minority groups, their ability to get jobs and the ability of all in a company to progress have not been examined. Concentrated consideration of the effect on economy, employment and other legislation such as Social Security, ERISA and EEOC has not been given. The Business Roundtable believes that a Presidential Commission should be appointed to fully review such a change in an already existing and accepted law.

Crucial you let Senators on full Committee of Senate Human Resources know your thoughts on S 1784 immediately.

RICHARD A. RILEY, CHAIRMAN

cc - W. Reps.
L-M Committee
Industrial Relations Reps.
Labor Relations Task Force
The Business Roundtable

MANDATORY RETIREMENT AGE
LEGISLATIVE PROPOSAL

SUBMITTED
to Senate
members
AS LAST
RESORT.

Purpose - to exclude from applicability of law(s) banning mandatory retirement key management or highly compensated personnel.

Criteria for Exclusion - add the following new subsection to the Age Discrimination in Employment Act of 1967 as amended by H.R. 5383.
Section 12(c)

- (1) Nothing in this Act shall be construed to prohibit compulsory retirement of employees who are members of a select group of management or highly compensated employees, provided that any employee so retired is entitled to an immediate non-forfeitable annual retirement benefit from social security and from the employer's pension, profit-sharing, savings and/or deferred compensation plans totaling at least \$20,000.
- (2) The Secretary of Labor or his delegate shall adjust annually the \$20,000 amount in subsection (c)(1) for increases in the cost of living in accordance with regulations prescribed by the Secretary or his delegate.
- (3) In applying the retirement income ~~test~~ of subsection (c)(1), if any such retirement benefit (other than a social security benefit) is in a form other than a straight life annuity (with no ancillary benefits), or if employees contribute to any such plan or make rollover contributions, such benefit shall be adjusted in accordance with regulations prescribed by the Secretary or his delegate so that it is equivalent to a straight life annuity (with no ancillary benefits) under a plan to which employees do not contribute and under which no rollover contributions are made.

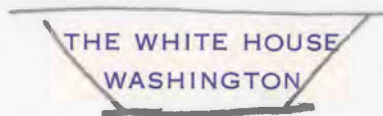
Explanation of 12(c)3

The retirement income test of the proposed executive exemption is intended to be applied to a company-paid retirement benefit in the form of a straight life annuity, that is, a benefit payable for the retired employees' lifetime and ceasing upon his death.

Many plans providing retirement benefits are financed in part by employee contributions or "rollovers" (amounts carried forward from the retirement or profit-sharing plan of a former employer). Also, many plans provide for payments in forms other than a straight life annuity. For example, benefits may be continued for 10 years whether or not the retired employee survives, or may be continued (in whole or in part) for the lifetime of his or her spouse.

Subsection (c)3 provides that:

1. Any benefit attributable to the employee's own contributions or to "rollovers" will be backed out before the retirement income test is applied, and
2. If the benefit is payable in a form other than a straight life annuity, it will be expressed as a straight life annuity of equivalent value before the retirement income test is applied.



70 yr
retirement
mtg
J

Econ. impact

Delay? Vote/Implement

Minority/Women

70 or none?

Exemptions

Nelson Select Comm. Rec.

Non-legis. Com.

8:15 AM

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THE WHITE HOUSE
WASHINGTON

September 18, 1977

C

MEETING WITH SENATORS ON GAS DEREGULATION

Monday, September 19, 1977
8:15 a.m. (30 minutes)
Cabinet Room

From: Frank Moore FM

I. PURPOSE

To listen to the viewpoints of Senators favoring natural gas deregulation.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Representatives of the three leading pro-deregulation positions will be represented:

1. Senators Bartlett and Bellmon favor complete deregulation as soon as possible (S. 110).
2. Senators Pearson and Domenici favor the Pearson-Bentsen alternative (S. 256) which would decontrol new onshore gas immediately and OCS gas in five years, but retain controls over old gas previously dedicated to market.
3. Senator Johnston will offer a compromise should Pearson-Bentsen fail calling for a current price of \$1.75, with escalations over a 4-5 year period to about \$2.50 before lifting controls altogether.

B. Participants: The President
Dr. James Schlesinger
Senator Pete V. Domenici
Senator J. Bennett Johnston
Senator Henry Bellmon
Senator James B. Pearson
Senator Dewey F. Bartlett
Frank Moore

X

C. Press Plan: White House photo only.

III. TALKING POINTS

Dr. Schlesinger has submitted a separate memorandum dealing in more depth with the issues.

Word of your meeting with deregulation advocates will get around quickly. Consequently, you should consider reaffirming your position on deregulation at this week's press conference, so our allies in the Senate do not think we are talking compromise or weakening in our opposition to deregulation.

THE WHITE HOUSE
WASHINGTON

Nat Gas
deregulation

9-19-77

Domenici:

\$1.75

inter

intra

1977 apr → June (7PC)

New contracts > 175

all: 56.4 %

Texas 87%

La 52%

Okla 24.3%

N.M. ?

Renegotiated contracts

all 81.2%

Texas 96.8%

La 44%

Okla 50%

THE WHITE HOUSE
WASHINGTON

Price all nation new cont renew
183
194

Jan → Mar 1977 - new
all 64%

#175 renew
all 63%

Last 6 mcs
~ 50% inter
~ 50% intra

Energy profits/equity not
excessive

THE WHITE HOUSE
WASHINGTON

Prefer to stay as is for
producing states

Brookings: Less incentive
for admin proposal

Pearson/Bentzen
Senate 4 vote +

World oil price equiv = \$2.51
Johnston Compromise:
= admin policy

Difference predictability

Flat gas reserves

First move boilers → inter

COMPARISON OF ESTIMATES OF RECOVERABLE VOLUMES OF NATURAL GAS IN THE UNITED STATES (LOWER 48 STATES AND ALASKA)

2500— (EXPRESSED AT YEAR END IN TRILLION CUBIC FEET)

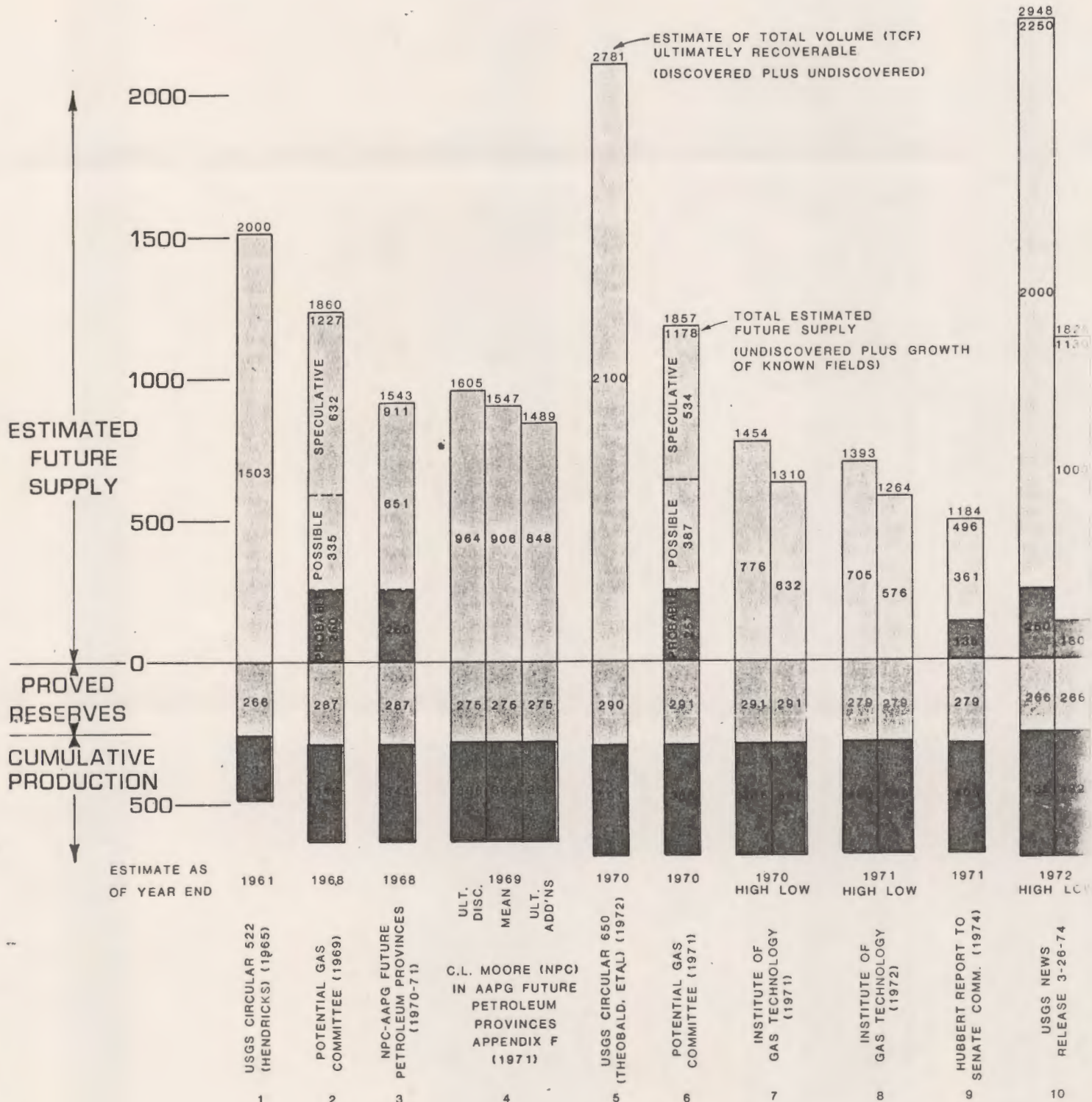
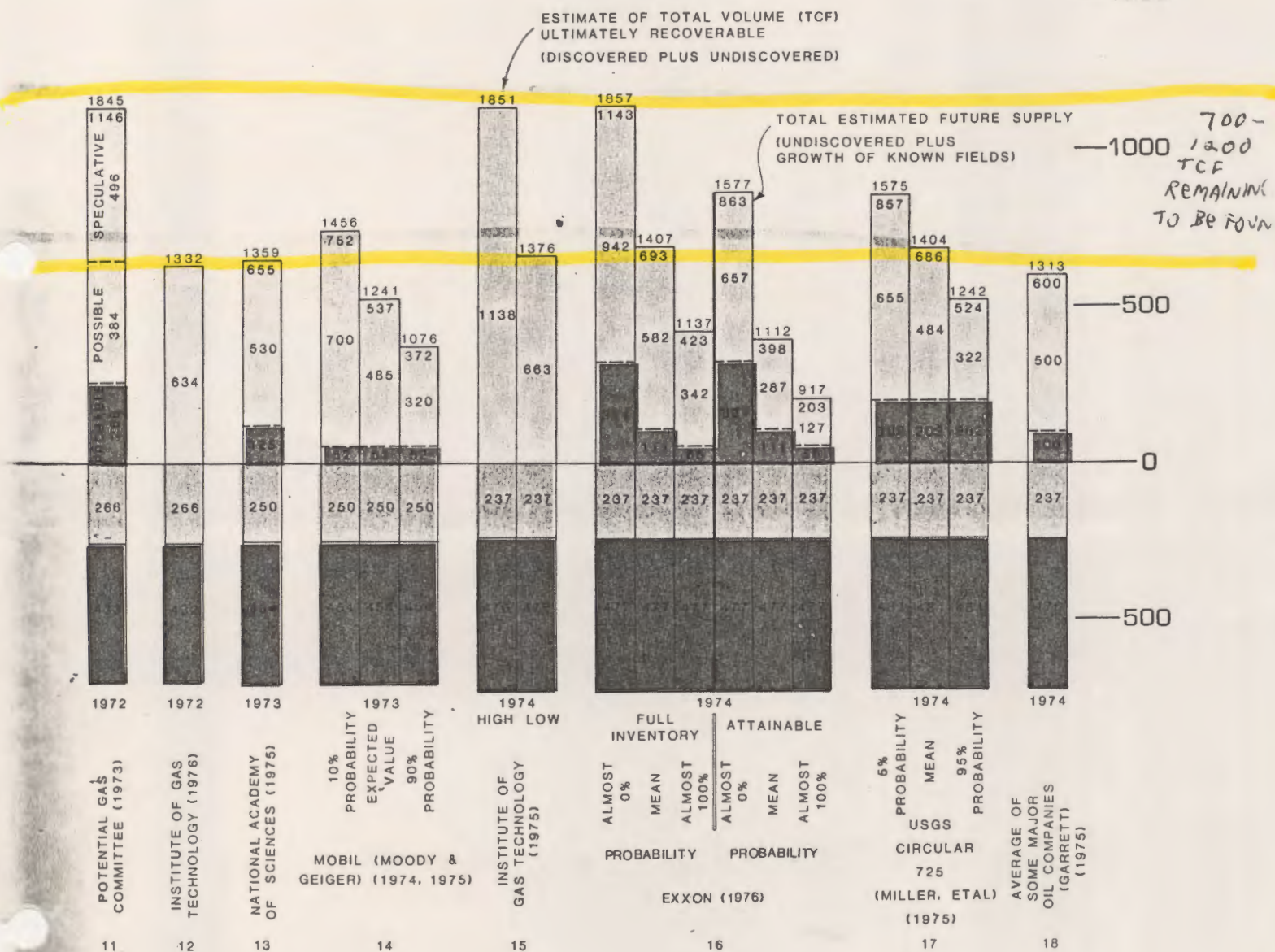
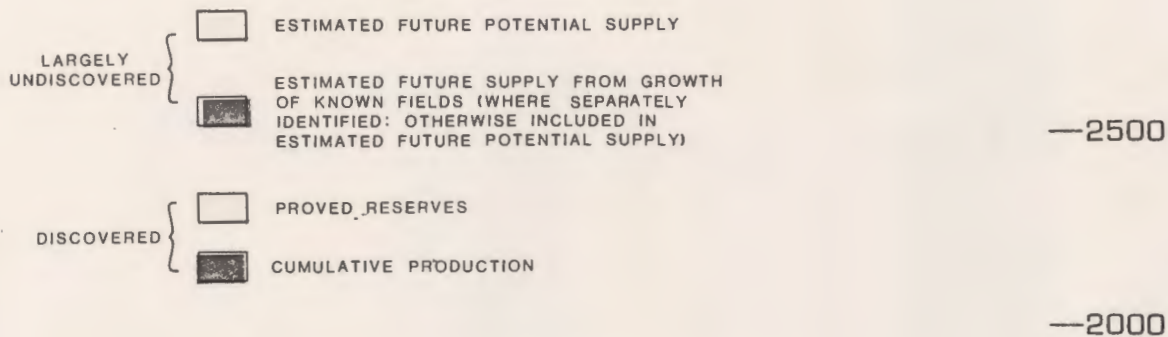


FIGURE 1



THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

September 19, 1977

C

MEMORANDUM FOR THE PRESIDENT

GL

FROM: Bob Lipshutz

SUBJECT: Mashpee, Massachusetts, Indian Claim Dispute

Bill Gunter is advising the press that he has recommended to you that his recommendation concerning this particular situation be deferred, and that this is agreeable to you.

I wholeheartedly concur.

We have every indication that the legislative delegation from Massachusetts will not raise any serious objection to this deferral, but we are not in a position to quote any of them on that point of view.

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8:00 AM

THE PRESIDENT HAS SEEN.



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

September 19, 1977

C

MEMORANDUM FOR THE PRESIDENT

Subject: Foreign Aid Appropriations Bill

The Conference Committee on the foreign aid appropriations bill will begin meeting on Wednesday. The main issue is whether the Conferees will retain House language which would effectively ban continued U.S. participation in the International Financial Institutions (IFIs). There is also a problem as to whether the bill will contain adequate funding for our several aid programs.

The House voted last May to bar U.S. aid "directly or indirectly" to Vietnam and six other countries, or for loans financing the production of palm oil, sugar or citrus. Because such prohibitions would preclude the IFIs from using U.S. money for those countries and products, it would bar the banks from accepting U.S. contributions. World Bank President McNamara has formally conveyed to us a legal opinion to that end (Tab A), and the regional banks have informally indicated the same.

You will recall that, at your urging, Senator Inouye made a successful effort to eliminate these restrictions in the Senate. He remains fully committed to our position.

Most of the House Conferees also support our position. However, they are afraid that the House will not sustain a Conference Report without the country restrictions because the original vote was 295-115, and because many members are unwilling to "vote for aid to Vietnam." Their fears are reinforced by last week's House rejection of the Conference Report on the IFI Authorization Bill until changes were made in its human rights provisions.

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It has therefore become imperative for you to make a personal appeal to the Conferees and the Leadership, and to convey to the entire House the critical importance of passing this legislation without the restrictive amendments. You will recall that the restrictions, by forcing the banks to reject all new U.S. contributions, would trigger a major rupture in North-South relations and cause major difficulties with our allies, many of whom have already made their contributions.

I therefore recommend that you:

1. Convey the urgency of this issue to the Leadership at the Tuesday breakfast, urging them to support the Conferees in rejecting the restrictive amendments (talking points at Tab B).
2. Invite all of the Conferees to a breakfast or meeting on Wednesday morning, prior to the beginning of the conference, to convey your views to them.
3. Make individual calls to several key members, including Chairmen Clarence Long and Inouye and several of our major supporters.
4. Express publicly, as a message to the Congress, the critical importance of this issue for U.S. foreign policy--perhaps at your press conference this week.

Mike

W. Michael Blumenthal

THE WHITE HOUSE
WASHINGTON

Dayan

9-19-27

Settlements

Lebanon

Israel / S M Mikes

Palestinian representation

West Bk. violator 242

"no foreign sovereignty"

Will see it through

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

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C
/

MINUTES OF THE CABINET MEETING

Monday, September 19, 1977

The twenty-seventh meeting of the Cabinet was called to order by the President at 9:05 a.m., Monday, September 19, 1977. All Cabinet members were present except Mr. Califano, who was represented by HEW Under Secretary Hale Champion, and Ms. Harris, represented by HUD Under Secretary Jay Janus. Other persons present were:

Joe Aragon	Tim Kraft
Zbig Brzezinski	Bunny Mitchell
Alan Campbell	Frank Moore
Hugh Carter	Dick Moe
Doug Costle	Frank Press
Stu Eizenstat	Charles Schultze
Jane Frank	Jay Solomon
Rex Granum	Charles Warren
Richard Harden	Jack Watson

The President asked for comments from Cabinet members, beginning with the Secretary of State:

1. Mr. Vance said that the situation in Southern Lebanon is worse, and that fighting is taking place between the Christians and the Palestinians. The United States is trying to bring about a restoration of a cease-fire, and Mr. Vance hopes that the Israeli Minister of Foreign Affairs, Moshe Dayan, who arrives today, will help in this effort.

-- There will be several foreign visits this week: Mr. Dayan today; Egyptian Foreign Minister Fahmy tomorrow evening and all day Wednesday; and the Soviet Minister of Foreign Affairs Gromyko on Thursday and Friday.

-- The President said that he had a very productive meeting last week with French Prime Minister Barre, and that the United States and France have far more in common than they do in dispute.

2. Mr. Andrus said that the Alaska lands proposal was well received by most interest groups--with the exception of certain oil and gas developers who want the entire state open for development. He does not expect enactment of the legislation until late summer 1978.

-- He reported that he has been meeting with the Vice President to discuss the '78 Congressional races in the West.

-- The President commended Mr. Andrus for a fine job on the Alaska lands legislation. He also noted that he plans to stop en route to California in late October to visit one or more Western states. He said that the Western Governors are anxious to be involved in the formulation of the Administration's water policy. Mr. Andrus suggested that he might be of help in advising the President on various aspects of his Western trip. The Attorney General suggested that Assistant Attorney General for Lands and Natural Resources James Moorman, formerly General Counsel of the Sierra Club Legal Defense and Education Fund, might also be consulted on issues affecting the Western states. The President asked Mr. Andrus to get with Jack Watson to discuss ideas and issues for the Western trip.

3. Mr. Champion said that Mr. Califano was absent because he was testifying on the welfare reform package. He communicated Mr. Califano's request that Secretaries Blumenthal and Bergland, who will not testify personally on the package, write letters of support to relevant Congresspersons; they agreed to do so.

4. Mr. Schultze said that he is meeting with House members today on the economics of the Clinch River Breeder Reactor Project.

-- He will meet later in the week with Stu Eizenstat and others on the Humphrey-Hawkins legislation.

5. Dr. Brzezinski said that the NSC staff had been helping prepare for the foreign visits with the President this week and last week.

-- Last week NSC staff also worked on mutual restraint arrangements for the Indian Ocean and Mutual Balanced Force Reduction (MBFR). The NSC has prepared a unanimous recommendation for the President on the latter subject, but there are still serious disagreements among relevant agencies on the former subject.

6. Ambassador Young said that events at the UN last week had been "rough" on U.S. policies toward South Africa and Rhodesia. The South African situation was complicated by the death of Steve Biko, and there was an article in the Atlantic by former Under Secretary of State George Ball which criticized the Administration's policies on Southern Africa. For historical reasons, Third World leaders are reluctant to espouse our position on Rhodesia and have expressed some strong anti-British sentiment. Mr. Young said that he was flying back to New York immediately after the Cabinet meeting to deal with both topics, and that he hoped "to hold our ground during the next few days."

-- The President said that he had watched UN Secretary General Waldheim's television appearance yesterday, during which Mr. Waldheim complimented Ambassador Young's performance as U.S. Ambassador to the United Nations.

7. Mr. Marshall said that he had nothing to report.

8. The Attorney General said that the Bakke brief would be filed at 10:30 a.m. this morning.

9. Mr. Blumenthal said that the Senate Finance Committee is beginning its mark-up of the tax provisions of the energy package, and that his information is that the going "will be tough" for the Administration's bill.

-- The President said that he called Senator Long last night concerning H.R. 7200, and that the Senator did not appear to be flexible in his position regarding linkage of the Social Security bill to H.R. 7200. The President promised Senator Long that Mr. Califano would see him again today about the matter.

-- Mr. Blumenthal said that the tax reform recommendations will be ready for the President tonight or tomorrow. Some Cabinet members have requested a briefing on the final recommendations, and Mr. Blumenthal suggested that the President decide upon the proper format for such a briefing after he reviews the package.

-- Finance Ministers from all over the world will be arriving next week for the International Monetary Fund (IMF) meetings. The President will make a brief appearance before the group. Mr. Blumenthal advised the President not to be sympathetic to moves to increase the leniency of IMF lending policies and procedures.

10. Mr. Bergland said that the House had passed the Farm Bill and that, after he has had a chance to survey the members of the Cabinet and White House staff, he would like to meet with the President to discuss the matter.

-- Mr. Bergland attended a retreat last weekend with members of his staff and outside critics of USDA, and found the discussions very productive. Among the themes that emerged was the need to start consideration of U.S. farm policy with the consumer. Mr. Bergland suggested that we should begin with policies concerned with adequate nutrition and then construct our food policy and farm policy around them. Mr. Bergland also pointed out that we have no comprehensive rural development policy and that we need to use the genius of local management to develop a national rural plan. In the last 30 years, 30 million people have left the farms and small towns for the cities; some sensible new policies might give many of those people inducements to move back. The President said that he would like very much to see a summary of the weekend's discussions.

11. Mr. Janus said that Ms. Harris is in the USSR until Sunday on tour and to participate in a joint agreement with the USSR on housing.

-- He said that after a very sharp increase, lumber prices have leveled off, but that there has been no decrease in prices. In the last month and a half, prices have increased 30%, with a consequent increase in the cost of housing of approximately 30% per unit in the last two months. HUD's Housing Task Force on Cost is extremely concerned about the situation.

-- Mr. Bergland said that DOA is assessing Forest Service policy as it affects the lumber situation. He pointed out that approximately one-half the inventory of lumber is in the hands of private companies. Messrs. Andrus, Bell, Bergland, Blumenthal, Schultze and Strauss discussed the cyclical nature of lumber prices; possible anti-competitive practices in the lumber industry; the relative inelasticity of supply; and trends in housing construction. Mr. Janus said that the recent 30% increase in lumber prices is at the retail level. Future lumber prices are not likely to go down in the next six months.

-- The recent Kansas City flood appears to be less serious than the Johnstown, Pennsylvania flood that occurred

in July. Senator Eagleton toured the area over the weekend and said that he was extremely gratified with the promptness of the federal response.

12. Dr. Schlesinger said that he will go to Ottawa tomorrow to sign an accord with the Canadians on the natural gas pipeline route. He predicted that the Administration's position would be well-received in Congress but said that there is a possible problem on timing since Congress is prohibited by law from acting on the proposal for 30 days after its receipt. Since the Congress will adjourn sometime in late October, Dr. Schlesinger plans to get the legislation to the Congress as soon as possible, hopefully by the end of this week.

-- Dr. Schlesinger briefly discussed efforts of the El Paso Natural Gas Company to get compensation for its research and development work on the pipeline route which was not selected. The President noted that to his knowledge the government has never reimbursed on an ex post facto basis the research costs of an unsuccessful bidder.

-- Dr. Schlesinger said that the Pearson-Bentsen gas deregulation bill has a good chance of passing the Senate. The oil/gas user tax is also in serious trouble. He noted that Senate liberals are now voting against the wellhead tax on the ground that it imposes undue hardship on consumers; Senators Metzenbaum, Abourezk and Bumpers are threatening to filibuster should gas deregulation pass in the Committee.

13. Ambassador Strauss said that he was in Ottawa last week for some very "hard negotiations" on the tariff formula.

-- He reported that several important business leaders are trying on their own initiative to convey accurate information to the public about the Panama Canal treaties and to urge the Senate to ratify them.

-- The President noted that he had read Senator Hollings' recent newsletter, in which he endorses the Panama Canal treaties. The President commended the Senator's "extraordinary demonstration of courage" in view of the fact that the senior Senator from South Carolina is one of four outspoken opponents of the treaties. The President said that Senator Hollings' support followed his recent visit to Panama and his discussions of the treaties with several Latin American leaders. The President predicted that other Senators may also make trips to Panama in an effort to learn first-hand as much about the whole subject as possible.

-- He added that he is still deeply committed to securing ratification of the treaties, and that he works on the effort every day. He asked the Cabinet members to continue their efforts to secure ratification and to commend those Senators who have endorsed the treaties.

-- Mr. Bergland noted that the farm community is generally quite supportive of the treaties; the President suggested that Mr. Bergland pass on that information to Frank Moore.

-- The President said that a briefing on the Panama Canal treaties with 150 Jaycees last week went very well.

-- Mr. Strauss said that he had talked to Senator Humphrey twice this past week on the Canal treaties, and that the Senator is working on the telephone to persuade his colleagues on the need for ratification.

-- Mr. Blumenthal asked the President when the Cabinet Secretaries should attempt to secure support from constituent groups for the treaties. The President answered that those efforts should be undertaken immediately and noted that his own activities were proceeding on two fronts: private meetings with Senators and with groups of leading citizens from various states; and planning for a fireside chat on the subject. The President will meet with Messrs. Powell and Granum shortly to discuss the format of his proposed talk.

14. The President said that he was very proud of Mr. Lance's superb presentation of his testimony last week before the Senate Governmental Affairs Committee. The President added that the ordeal of the last several weeks had been painful for Mr. Lance, himself, and members of the Cabinet and White House staff, but that Mr. Lance had handled an extremely difficult situation with courage and grace.

-- Mr. Lance said that some Cabinet members have not yet submitted to OMB their FY '79 budgets despite the September 15 deadline. He asked all members to get those budgets in as soon as possible.

15. Mr. Adams said that DOT has submitted its budget.

-- He noted that Stu Eizenstat is preparing a memorandum for the President on whether the Concorde should be permitted to land at U.S. airports. DOT has submitted its recommendations to Mr. Eizenstat on the subject.

-- DOT has completed a series of town meetings and consultations on the contents of a proposed national transportation policy. Those efforts have resulted in an options paper, which Mr. Adams will now discuss with the Transportation Committee of the National Governors' Association this weekend, and in early October with the equivalent group of the National League of Cities.

-- Legislation on aircraft noise and airline deregulation is moving in the House and Senate.

-- Representatives of both the Japanese and Russian governments have called on Mr. Adams regarding oil spill legislation. There has been action on this subject in the international arena, and Mr. Adams predicted that a bill on the subject will move in the Senate.

16. Ms. Kreps spent last weekend in New Mexico and said that she plans to travel to other parts of the country. She noted that people in the rest of the country do not share many of the preoccupations of Washingtonians. For example, she heard very little comment about Mr. Lance's situation. The business people with whom she talked were more concerned with keeping their businesses healthy and increasing the number of small businesses. She expressed concern that not enough attention is being paid in the Administration to economic development problems in some of the more remote areas of the country.

17. Dr. Brown said that the Senate passed last Friday a bill forbidding unionization in the military, including unionization of civilian technicians. The vote was 72 to 3, despite opposition of the American Federation of Government Employees. He predicted that there will not be the same drive to pass the legislation in the House, and said that he still believes that the "directive" approach is adequate. He noted that the Senate-passed legislation might be subject to constitutional and legal challenges.

-- Dr. Brown will testify tomorrow before the Senate Appropriations Committee on the B-1 rescission and cruise missile add-on. Next week he and General George Brown will testify in the House and Senate on the Panama Canal treaties.

DoD supports a special retirement "window" for higher level civil servants under which their retirement could be based on their highest one-year salary instead of the average of their highest three years. Dr. Brown said that this

approach would permit those people who are subject to reductions in force (RIF) to retire without being penalized for the recent pay raise. Without the new approach, such people will remain on the job an extra two years and thereby prevent minorities and women from being hired and promoted. Dr. Brown's proposal would apply government-wide and not merely to the Defense Department. Messrs. Bell, Schlesinger, Strauss, Blumenthal and Ms. Kreps commented on the pros and cons of the proposal; the proposal is now being reviewed by the Civil Service Commission and OMB.

-- Dr. Brown said that legislation recently reported by the House Labor Committee to raise the compulsory retirement age in the public and private sectors to age 70 will have severe consequences for the hiring of young people.

18. The President said that Jack Watson had just returned from the National Governors' Conference annual meeting in Detroit. The Governors' chief concerns pertained to water policy; federal regional appointments; evolution of the urban policy; and the White House Conference on Balanced National Growth.

-- The President said that the House will vote this week on the Clinch River Breeder Reactor Project. The issue is clouded by the misconception that the Administration is opposed to the breeder and to nuclear power. This is not true; our position is that we do not need this production model. The President has written a letter to several Congresspersons about the matter; he asked the Cabinet to help convey an accurate impression of the Administration's position. Mr. Schultze stated that he will testify today in the House on the subject.

-- The President reminded the Cabinet that conversations at Cabinet meetings should be kept confidential. If they are not, a free and unrestricted debate will be inhibited. Mr. Rex Granum is the spokesperson to the press concerning discussions at Cabinet meetings.

19. The Attorney General distributed to the Cabinet copies of the Justice Department's Bakke brief and briefly discussed the policy outlined in the brief.

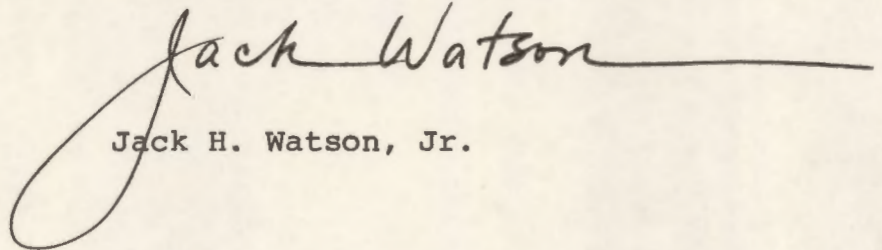
-- The Attorney General noted that affirmative action programs do not constitute a departure from merit selection. The President commented that, essentially, the position

expressed in the Bakke brief is that race cannot be the exclusive factor on which a person's admission to an educational institution is based.

-- Mr. Adams said that DOT will proceed on set-asides for minority contractors with respect to the North-east Corridor contracts.

The meeting was adjourned by the President at 10:42 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jack Watson". The signature is written in dark ink and is followed by a long horizontal line extending to the right. Below the signature, the name "Jack H. Watson, Jr." is printed in a standard serif font.

Jack H. Watson, Jr.

9:00 AM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson

Jane Frank

September 16, 1977

RE:

Proposed Agenda

1. Foreign visits--last week by French Prime Minister Barre; this week by Foreign Minister Dayan of Israel, Foreign Minister Fahmy of Egypt, and Minister of Foreign Affairs Gromyko of the USSR.

2. Remind Cabinet members and others present at the Cabinet meeting not to comment publicly on matters discussed. Rex Granum is the press spokesperson and inquiries should be referred to him.

3. Comments from Cabinet members.

**Electrostatic Copy Made
for Preservation Purposes**

CC: The Vice President

9-19-77

Cabinet

THE WHITE HOUSE
WASHINGTON

- > Water policy
 - > Regional appointments
 - > Urban policy
 - > Balanced growth
- } Involve
governors
- > Bakke
 - > HR 7200 / Soc Sec Calif → Long
 - > Environmental exec order?
 - > Nat gas dereg - Senate
 - > Panama fireside chat
 - > Breeder:
 - > Barre - ¹⁾Dayan - ³⁾Gromyko - ²⁾Fahmy
- Let Rex be spokesman

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THE WHITE HOUSE
WASHINGTON

Lebanon getting worse
MBFR

Indian Ocean

Biko

Namibia } We must
Rhodesia } hang tough

Rh → Sec Counc Thursday

McHenry → 5th tonite

HR 7200 vs Soc Sec

User tax

Tax reform

IMF Bank

- Term bill = costs?

Ag Dept policy mty

- Pat → USSR
Lumber prices leveling
was 30% in 1 1/2 mos

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THE WHITE HOUSE
WASHINGTON

Timber

3 year supply under contract
Not much chance for speculation
40% for fed 40% private

ALCAN - reception good
El Paso wants R&D repayment

User tax } ??
Wellhead } ?
Deregulation } ?? in Senate

Hawa
Panama Canal. Hollings. Tjerner

Concorde
Export policy
Noise - air
Air regulation
O.1 spill

THE WHITE HOUSE
WASHINGTON

Washington not bear hand
Albuquerque / 5 ft - small bus
concern

— Unions in military { S 72-3
House?

CM/B1/MM II

Panama Canal hearings

Retirement using highest year

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THE WHITE HOUSE
WASHINGTON

September 19, 1977

Hamilton Jordan

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

DEFENSE WEEKLY SUMMARY FOR THE
WEEK OF 9/10-16/77.

~~SECRET~~ ATTACHMENT

~~SECRET~~

cc Harold
J

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

September 16, 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense
(September 10 - 16, 1977)

Proposed new Ammunition Plant in Mississippi: Senator Stennis has written, called and visited me (the latter a rare event) within the last few days to emphasize his support for construction of the new ammunition production facility in southern Mississippi. Justification for the Mississippi facility can be made on the basis of needs for combat sustainability beyond 90 days or from the fact that its principal production, 155mm artillery ammunition, is common to all NATO countries. My staff is exploring options.

Consult with me. We need him on Panama.

Budget Amendment: As you know, yesterday I testified before George Mahon's Defense Appropriations Subcommittee on our Budget Amendment along with the B-1 and Minuteman III FY 77 rescission requests. Our request for funding cruise missiles and B-52 modifications appears to be receiving a reasonable reception. The wide-bodied cruise missile carrier, from the attitudes of the Senate and House Armed Services Committees, will be harder to get approval for. Moreover, the close vote on the B-1 last Friday has revived hope in those who want to continue the B-1 program. Both George Mahon and Joe Addabbo personally told me that the B-1 rescission would be defeated in Subcommittee and probably in full Committee, with passage on the floor very uncertain. In light of this, they are considering various alternatives -- one of which is to take half of the amount proposed to be rescinded (\$462M) and add that to the amended budget request, for the purpose of doing research and development on one or more penetrating bomber options. There was also interest in the concept, recommended in the Senate Subcommittee markup, of doing some work toward a modernized version of the FB-111. These compromise alternatives may become more attractive to us if it seems likely that the rescission will be defeated. I will be testifying again on September 20 on our FY 78 cruise missile amendment and the FY 77 B-1 and Minuteman III rescission requests before John McClellan's Subcommittee on Defense Appropriations, with Senator Stennis probably in the chair.

Consultations with the NATO Allies on Enhanced Radiation Warheads: The joint State/Defense delegation I mentioned in last week's report consulted with the FRG on enhanced radiation (ER) weapons on Monday and with the NATO Nuclear Planning Group (NPG) on Tuesday. The consultations went well. The Bundestag had already debated the issue of ER weapons, and the Germans indicated that they were willing to support your decision either way. While Dave McGiffert indicated on numerous occasions that you had a genuinely open mind on the matter, they anticipate that you will decide in favor of production and deployment. In the NPG, both the FRG and the UK indicated a tilt in favor of production and deployment. No nations in that limited group expressed opposition.

Schmidt said there were "more than one"

Base Realignments: Charles Duncan and John White (ASD/Manpower, Reserve Affairs, and Logistics) met with Jack Watson and with Randy Jayne of OMB to continue our joint efforts to improve community economic recovery assistance required for DoD

Classified by Sec Def

SUBJECT TO GENERAL DECLASSIFICATION SCHEDULE OF
EXECUTIVE ORDER 11652. AUTOMATICALLY DOWNGRADED
AT TWO YEAR INTERVALS. DECLASSIFIED ON 31 Dec 85

~~SECRET~~

SEC DEF CONTR No. X-

2673

Jay 12/14/87

~~SECRET~~

2

base realignment actions. We are making progress and have settled several issues. There are no philosophical differences among us regarding objectives. However, Defense has serious differences of opinion with the White House staff about procedures -- particularly whether individual base realignment actions should become part of the budget process. We shall continue to work closely with Jack.

Good
US-FRG Meeting on NATO AWACS: On Monday Assistant Secretary Dave McGiffert's team met with FRG representatives to clear the air on AWACS. The U.S. delegation discovered an internal FRG Ministry of Defense split between Chief of Staff General Wust (18 aircraft) and State Secretary Schnell (10-14 aircraft). By suggesting a more austere configuration we offered an alternative which may satisfy Wust's desire for the larger force while accommodating the financial constraints which probably lie behind Schnell's position.

Discharge Review Program: My staff has been working closely with Margaret McKenna on the legislative proposals. I am satisfied that the Cranston bill as it passed the Senate will have very little practical effect on most persons who received upgrades and is something we can tolerate. I understand that you have communicated to Alan Cranston your willingness to let the bill in the Senate become law, in order to avoid worse legislation. Two points seem to me worth additional consideration, should the need arise: (1) You could let the bill become law without your signature. Presidents have used that tactic in the past to accept a law without endorsing it. In this case the bill is in conflict with what I understand to be the principles of forgiveness and compassion and should not be overtly endorsed. (2) The House bill would put us back to where we were before the SDRP was instituted, since it would require rereview of all upgraded discharges. If the conference adopts this provision and most other House provisions, I shall recommend veto.

ok

MOD Mihara's Visit: On Tuesday, I spent nearly five hours with Japanese Defense Minister Asao Mihara. In particular, I stressed the strong, continuing U.S. commitment to stability and deterrence of aggression in Northeast Asia. I also complimented him on his efforts to increase Japanese public awareness of security needs and urged him to increase defense spending on modernization (but not force-level increases), logistics support, and infrastructure. Much can be done within the 1% of GNP, which appears to be politically feasible now; Mihara said he thought it could be exceeded sometime in the future. He acknowledged the importance of the U.S.-Japan relationship, and expressed appreciation for having consulted with him after meetings in Korea last July. He went on to say that, economically and politically, our partnership has been strong; in military affairs, he asserts that communications could be better. I am taking steps to ensure that they are. It was a useful, productive exchange.

Meeting with Margaret Thatcher: On Monday I met with Margaret Thatcher and her Shadow Foreign Secretary, John Davies. She was decisive, well-briefed, and much in command. She expressed alarm at the last two rounds of U.K. defense cuts and stated she hopes to restore them as a matter of top priority. She said she was very worried about the Soviet SSX-20; Sir Ian Gilmour and Winston Churchill, her defense spokesmen, believe the cruise missile is the only answer. I reviewed for her the strategic balance, emphasizing existence of rough balance now but need to watch it closely, and my concern over the political perception held by some Europeans that the Soviets now are superior. Mrs. Thatcher observed that the U.K. had not taken enough interest in NATO and promised that the Conservative Party would try to correct that situation. I stressed the need for an Alliance strategy

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3

to counter the Soviet buildup in Europe, our commitment to 3% real growth, and the importance of our short-term measures and long-term programs to improve NATO posture. I urged that the U.K. pay more attention to NATO and less to bilateral aspects of its defense strategy and procurement.

National Security Industrial Association (NSIA) Speech: Last night I spoke at the 34th Annual Dinner of the NSIA (copy attached). In my remarks I covered the range of national security issues within the framework of the PD-18 decisions. I made a particular effort to address directly and lay to rest the misconceptions which have arisen in the press concerning the various study alternatives we considered during the PRM-10 process. I also mentioned, to this rather conservative business group, the national security reasons for ratification of the Panama Canal Treaty. *Good - We had a great meeting in the Jaycees.*

National Space Policy (PRM-23): I have forwarded to you my recommendations on PRM-23 and am prepared to circulate a draft Presidential Decision Memorandum upon receiving your views. If you agree with our conclusions, the implementing decision document will be ready in about four weeks.

Panama Canal Treaties: On Wednesday, General Brown and Secretary of the Army Alexander briefed about forty publishers from the Government Affairs Committee of the American Newspaper Publishers Association on the Canal Treaties. From news reports, the briefings appear to have been well received.

No-Notice Exercise: On Tuesday, Zbig called me to initiate a no-notice (POISE CHECK) exercise of elements of our rapid reaction forces. The elements participating are the 82d Airborne Division and Military Airlift Command C-141 aircraft. Two exercise options were executed: (1) one Army infantry company (reinforced) was deployed via airlift (within 19 hours of notification) from Ft. Bragg, North Carolina, to Ft. Stewart, Georgia; and (2) one Army infantry battalion was marshalled in a posture to deploy. To date, all exercise events have been executed successfully and on time according to the plan you approved. *good*

Harold Brown

Attachment

~~SECRET~~

THE WHITE HOUSE
WASHINGTON

Patti:

please type the memo, and
send a copy to Eizenstat,
along with copies of all
comments on the Campbell
memo.

Thanks.

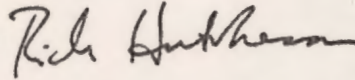
THE WHITE HOUSE
WASHINGTON

September 19, 1977

MEMORANDUM FOR THE HONORABLE ALAN K. CAMPBELL

FROM:

RICK HUTCHESON



SUBJECT:

Your Memorandum of 7 September 1977,
"Business and Government Executive Meetings"

I circulated your memorandum among the senior White House staff and several Cabinet Officers, and it provoked a fair amount of interest and comment.

Secretary Kreps commented, for example, that "before such an initiative is undertaken, we need to have a clearer definition of Chairman Campbell's proposal and relate it to similar proposals that have been made by myself, Charlie Schultze, and Bob Strauss."

The Domestic Policy Staff raised several questions about the proposal, and suggested that further staff work be done, in conjunction with the Cabinet, before any decision is made.

I would suggest, therefore, that rather than submitting your memorandum to the President at this time, further consultations first take place among interested members of the Administration.

A member of Stu Eizenstat's staff will be contacting you to arrange these discussions. Please let me know if this procedure is not agreeable to you.

cc: Stu Eizenstat



CHAIRMAN

UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D. C. 20415

September 7, 1977

MEMORANDUM TO THE PRESIDENT

SUBJECT: Business and Government Executive Meetings

During the Johnson years, there was a program which brought together in a series of informal dinner meetings high-level business and government leaders for an exchange of ideas about current issues. Recently, Carl Spitzer, one of the coordinators of this program, approached me to discuss the possibility of reviving this dialogue which faded out in the first years of the Nixon Administration. He noted that many corporate leaders are interested in reintroducing this government/business dialogue.

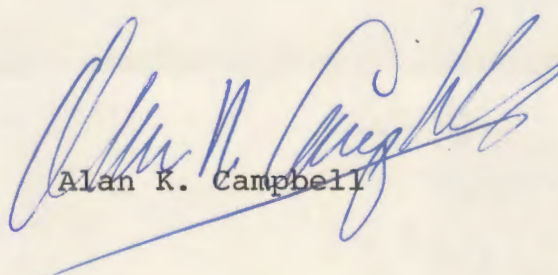
A meeting was held on August 3 hosted by Newsweek publisher Robert Campbell which carried the discussions further. I was not able to attend that meeting but did have a representative there. In attendance were Wilbur Cohen, Dan Fenn, John Filer, John Gardner, Gus Marusi, and Thomas Stephenson (representing Irving Shapiro). They pointed out that the hallmark of the Johnson program was spontaneous candid conversation with the objective of enhancing communication, strengthening rapport, and reducing the mistrust between public and private leaders.

Each individual session was small with no more than fifteen people invited by the industry host and fifteen invited by the government coordinator. In order to cover a wide range of topics and opinions, special care was taken to include representatives of a broad cross-section of both government and industry leaders. The meetings were strictly off-the-record. No formal actions were taken nor was there any fixed agenda. Among topics discussed were consumer protection, environmental health, personnel and management problems, unemployment, education, and civil rights compliance.

There are two ongoing programs in Washington which sponsor dinner meetings to promote dialogue between business and government leaders. They are sponsored by The Brookings Institution and the Smithsonian's Woodrow Wilson International Center for Scholars. Both of these programs, however, are fairly formal with fixed agenda and quite large groups. They, therefore, do not substitute in my judgment for the spontaneous "off-the-cuff" exchanges which were possible at the more informal meetings held during the Johnson Administration.

I need to respond to the business leaders as to the interest of this Administration in providing the leadership to revive these dinner meetings. The industry hosts will pay, in each case, the cost of the dinner and there will be no public expenditures involved. For the meetings to succeed, however, it is essential that the leaders of your Administration be willing to participate in them. Such willingness will require White House support.

If you believe such meetings would be useful, and I believe they would, I would be happy to provide the necessary background to whomever you designate as your representative in organizing them or to take on that task myself. It obviously is not a role particularly tied to the Chairmanship of the Civil Service Commission and, therefore, would not become in any way an official function of the Commission. My close association over the years with the Committee for Economic Development has given me a fairly wide acquaintanceship in the business community, but there are others in your Administration who have deeper roots in that community than I have.



Alan R. Campbell

—
THE WHITE HOUSE
WASHINGTON

Business & Executive
Meeting -

No problem

Lipstutz

THE WHITE HOUSE

WASHINGTON

September 17, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT

Stu

SUBJECT:

Campbell Memo re Business and
Government Executive Meetings

I support the idea that there should be greater contact, on a variety of subjects, between business leaders and Administration officials; such an exchange of views can be a valuable learning process for us and an opportunity to explain Administration policies to business leaders. I have concerns, however, about the specifics of Campbell's proposal:

(1) If there are regularly scheduled meetings with business leaders, there will be demands for similar meetings with labor leaders, black leaders, Chicano leaders, etc. We will either have to develop forums for those groups or be willing to take the criticism that we are overly concerned with "business confidence."

(2) Regular meetings with essentially the same group have been recently deemed subject to the Advisory Committee Act. This proposal would thus have the effect of increasing the number of our advisory committees and of making the meetings subject to the sunshine law.

(3) Dinner meetings tend to result in less attention being focused on the subject at hand than purely discussion meetings. If dinner meetings are pursued, it would be advisable to have the Administration participants pay for their meals.

(4) Any program like this should be on a non-publicized, low-key basis, so as not to raise false expectations and not to lock the Administration in time-consuming meetings that may prove to be of little value. We should have enough flexibility to end the meetings if they prove fruitless.

I recommend that further staff work be done, in conjunction with the Cabinet, refining the proposed idea before we make any decision to commit the time of Administration officials to this type of program.

Charlie Schultze and I have discussed a similar mechanism for regular contact with the business community. I will try to set a time with Chairman Campbell, Charlie Schultze, Secretary Blumenthal, Secretary Kreps and others to attempt to develop a format. Thus, you might indicate that you approve in principle of regular contact and would like us to work out the details.

THE SECRETARY OF COMMERCE

WASHINGTON, D.C. 20230

September 9, 1977

MEMORANDUM FOR RICK HUTCHESON
STAFF SECRETARY

SUBJECT: BUSINESS AND GOVERNMENT EXECUTIVE MEETINGS

This is in response to your request for comments on Alan Campbell's memorandum of September 7 with regard to business and government executive meetings. The President has asked me to set up the first of a series of meetings between himself, members of his Cabinet (Secretary Blumenthal, Chairman Schultze) and a small group of business leaders. I am working with Jack Watson on this issue.

I feel that there is merit to Chairman Campbell's suggestion that we try to provide for a series of meetings between business leaders and various members of the Administration on a continuing basis. This Department has already held a series of such meetings which have included participation by Mike Blumenthal, Charlie Schultze, Bert Lance, Larry Woodworth, Hale Champion and others in addition to myself.

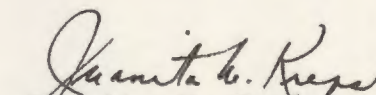
There are, however, a number of unresolved questions with respect to the format and composition of the meetings, such as:

- * whether they would be subject to restrictions under the Federal Advisory Committee Act,

- * level of participation, at the Cabinet or sub-Cabinet level, for example,

- * and, the participation of the President in any such meetings.

Before such an initiative is undertaken, we need to have a clearer definition of Chairman Campbell's proposal and relate it to similar proposals that have been made by myself, Charlie Schultze, and Bob Strauss. I would be pleased to work with him in refining his recommendation. If the President decides that this initiative has merit, I believe Commerce should take the lead in arranging the meetings.


Juanita M. Kreps

Response to Action Memo due 12:00 Noon, Friday, September 9, 1977

Although I favor any proposal that will help to better relationships between business and government leaders, you should be aware that my office now holds such meetings without the dinner type involvement.

The average frequency of these meetings is once or twice a week with the format generally comprised of three high-level administration spokespersons discussing issues with industry leaders (generally chief executive officers of companies in a particular industry).

Some attendee groups to recent meetings are:

- American Textile Machinery Institute
- Electronics Industries Association
- Aluminum Association
- Direct Selling Association
- Small Business Associations (COSIBA)
- American Society of Association Executives (ASAE)
- Book Manufacturers Institute
- Direct Mail Marketing Association
- American Retail Federation
- National Swimming Pool Institute
- Western Electronic Manufacturers Association
- Aerospace Industries Association
- San Francisco Chamber of Commerce
- Printing Industries of America
- Computer and Business Equipment Manufacturers Association (CBEMA)
- National Machine Tool Builders
- Greater Hartford Chamber of Commerce
- National Restaurant Association
- National Cannery Association
- Society of Industrial Realtors
- Producers Council
- Cast Metals Federation
- Tax Foundation
- Associated Builders and Contractors
- National Industrial Council
- Recording Industry
- National Association of Industrial & Office Parks
- Paper Converters Association
- Young Presidents Association
- Society of Manufacturing Engineers
- Metal Cookware Association
- Outdoor Advertisers
- National Paper Box Association
- Building Owners & Managers
- Noise Control Products Association
- National Association of Chain Drug Stores
- Linen Supply Association

Date: September 7, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
 Midge Costanza
 Bob Lipshutz
 Jack Watson
 Charlie Schultze

FOR INFORMATION:

The Vice President
Tim Kraft

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Chairman Campbell memo dated 9/7/77 re Business and
 Government Executive Meetings.

**YOUR RESPONSE MUST BE DELIVERED
 TO THE STAFF SECRETARY BY:**

TIME: 12:00 NOON

DAY: Friday

DATE: September 9, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

*good ideas for Cabinet
 officers; will no
 commitment for President
 to attend, but leave as his
 option, a drop-by —*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required
 material, please telephone the Staff Secretary immediately. (Telephone, 7052)



CHAIRMAN

UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D. C. 20415

September 7, 1977

MEMORANDUM TO THE PRESIDENT

SUBJECT: Business and Government Executive Meetings

During the Johnson years, there was a program which brought together in a series of informal dinner meetings high-level business and government leaders for an exchange of ideas about current issues. Recently, Carl Spitzer, one of the coordinators of this program, approached me to discuss the possibility of reviving this dialogue which faded out in the first years of the Nixon Administration. He noted that many corporate leaders are interested in reintroducing this government/business dialogue.

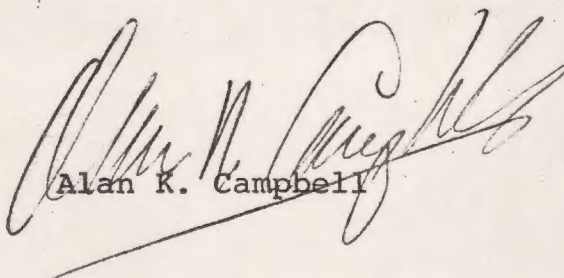
A meeting was held on August 3 hosted by Newsweek publisher Robert Campbell which carried the discussions further. I was not able to attend that meeting but did have a representative there. In attendance were Wilbur Cohen, Dan Fenn, John Filer, John Gardner, Gus Marusi, and Thomas Stephenson (representing Irving Shapiro). They pointed out that the hallmark of the Johnson program was spontaneous candid conversation with the objective of enhancing communication, strengthening rapport, and reducing the mistrust between public and private leaders.

Each individual session was small with no more than fifteen people invited by the industry host and fifteen invited by the government coordinator. In order to cover a wide range of topics and opinions, special care was taken to include representatives of a broad cross-section of both government and industry leaders. The meetings were strictly off-the-record. No formal actions were taken nor was there any fixed agenda. Among topics discussed were consumer protection, environmental health, personnel and management problems, unemployment, education, and civil rights compliance.

There are two ongoing programs in Washington which sponsor dinner meetings to promote dialogue between business and government leaders. They are sponsored by The Brookings Institution and the Smithsonian's Woodrow Wilson International Center for Scholars. Both of these programs, however, are fairly formal with fixed agenda and quite large groups. They, therefore, do not substitute in my judgment for the spontaneous "off-the-cuff" exchanges which were possible at the more informal meetings held during the Johnson Administration.

I need to respond to the business leaders as to the interest of this Administration in providing the leadership to revive these dinner meetings. The industry hosts will pay, in each case, the cost of the dinner and there will be no public expenditures involved. For the meetings to succeed, however, it is essential that the leaders of your Administration be willing to participate in them. Such willingness will require White House support.

If you believe such meetings would be useful, and I believe they would, I would be happy to provide the necessary background to whomever you designate as your representative in organizing them or to take on that task myself. It obviously is not a role particularly tied to the Chairmanship of the Civil Service Commission and, therefore, would not become in any way an official function of the Commission. My close association over the years with the Committee for Economic Development has given me a fairly wide acquaintanceship in the business community, but there are others in your Administration who have deeper roots in that community than I have.



Alan R. Campbell

Date: September 7, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Midge Costanza
Bob Lipshutz
Jack Watson
Charlie Schultze

FOR INFORMATION:

The Vice President
Tim Kraft

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Chairman Campbell memo dated 9/7/77 re Business and Government Executive Meetings.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Friday

DATE: September 9, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur.☐ No comment.*Please note other comments below:*

PLEASE SEE ATTACHED STATEMENT

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



THE SECRETARY OF THE TREASURY
WASHINGTON

to Rich

September 12, 1977

MEMORANDUM FOR THE PRESIDENT

Subject: Business and Government Executive Meetings

I have seen Alan Campbell's memorandum to you on this. I would be happy to attend occasional informal dinner sessions as proposed, or to have one of my principal deputies attend when I could not, although there is a practical limit to how much dialogue can take place at a dinner attended by two dozen people or more. Presumably the meetings would be so arranged as not to contravene the provisions of the Sunshine Act.

I believe that good communication between Government executives and representatives of business and other parts of our society depends basically on each Cabinet Member ensuring that the schedules of himself and his deputies include the right mix of people. One may be tempted to sit in one's office and receive only those who have asked to be received. We need a more active kind of scheduling than that, and I have been doing some recently on tax reform; I hope to do more. But there are limits to how many persons one can see individually, and so I see some advantage to the idea of meeting with groups such as Alan proposes.

Mike

W. Michael Blumenthal

THE WHITE HOUSE
WASHINGTON

*Pls comment
exp Mon
PM*

Date: September 8, 1977

MEMORANDUM

FOR ACTION:

Secretary Blumenthal
Secretary Kreps *attached*

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Chairman Campbell's memo dated 9/7/77 re Business and Government Executive Meetings.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: SATURDAY

DATE: September 10, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

*W/ Hutchinson
68 Wed*

Date: September 7, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat

Midge Costanza *-concur*

Bob Lipshutz *NC*

Jack Watson *-NC by Ann will comment*

Charlie Schultze

Blumenthal + keeps comments attached

FOR INFORMATION:

The Vice President

Tim Kraft *attached*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Chairman Campbell memo dated 9/7/77 re Business and Government Executive Meetings.

**YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:**

TIME: 12:00 NOON

DAY: ~~Friday~~ *non / SE*

DATE: September 9, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

September 19, 1977

Jack Watson

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: FOLLOW-UP TO LAST WEEK'S
ANNOUNCEMENT ON CUTTING RED
TAPE FOR STATE AND LOCAL
GRANT RECIPIENTS

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
	X	WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

September 16, 1977

*Good
J*

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*
LAWRENCE GILSON *L.G.*

SUBJECT: Follow-up to Last Week's Announcement on Cutting
Red Tape for State and Local Grant Recipients

In addition to your own announcement of the federal aid administration reforms last Friday, September 9, we have taken several actions designed to ensure full implementation and wide public awareness of the reforms you announced. Those actions include:

- o Participation in the National Governors' Conference annual meeting
 - major speech to plenary session on federal aid;
 - press conference following the speech; and
 - private meetings with 17 Governors at which federal aid was discussed.
- o Speech to 200 county federal aid coordinators at a meeting of the National Association of Counties, Tuesday, September 13.
- o Briefing of 20 out-of-town newspaper and broadcast media prior to your own on-the-record session with the same group.
- o Speech planned for Monday, September 19 to the Speakers of the House of 13 Southern states.
- o Mailing of a specially prepared fact sheet on federal aid reform to 5,100 newspaper and television editors.

- o Mailing to the members of the Senate and House Intergovernmental Relations Subcommittees of the Congress.
- o Arranged for publication of specially prepared materials in each of the 50 state municipal league magazines and the 50 state county association magazines.
- o Distribution of your implementing memoranda to federal aid program managers throughout the federal government.
- o Briefing for the senior intergovernmental officials in each department on the announced reforms and the nature of the department follow-up responsibilities.

In addition to taking these immediate steps I expect to ask the departments for periodic progress reports on their implementation of your initiatives. I will report to you on the departmental follow-up over the next months.

As you know, we worked with the departments throughout the first phase of the study, encouraging them to take departmental initiatives to supplement the governmentwide actions which you would announce. Attached is a list of 20 actions taken by the departments and released as an appendix to your September 9th statement.

SEPTEMBER 9, 1977

Office of the White House Press Secretary

THE WHITE HOUSE

Following is a partial listing of actions taken recently by federal departments and agencies to deal with the kinds of problems identified by the President in his statement today on reducing bureaucratic red tape.

Speeding Grant Payments	The Department of Agriculture is conducting a pilot test of electronic funds transfer for Child Nutrition Programs in California. If successful in improving federal cash management and speeding payments to the State, the pilot will be expanded.
Reducing Reporting Requirements	The Department of Commerce now permits those coastal zone management projects which it funds to submit performance and financial reports semi-annually rather than quarterly if the projects have demonstrated success records.
Eliminating Forms	The Community Services Administration has eliminated twenty-two of the fifty-one forms used for collecting information from grantees. Additional major reductions in the remaining forms will occur by December, 1977.
Speeding Grant Payments	CSA is instituting computerized check issuance procedures thereby reducing the time it takes to get checks to grantees. When CSA's letter of credit process is automated in October, the time required to establish letter of credit status will be reduced from five to two days.
Simplifying Grant Procedures	The Department of Energy, through its predecessor agencies, is developing regulations which would establish uniform, simplified grant administration procedures for all energy grants to be administered by DOE.
Consolidating Grants	The Environmental Protection Agency is preparing legislation to consolidate their separate State planning and program grants into one comprehensive grant.
Standardizing Regulations	The Department of Health, Education, and Welfare is developing a single set of application, reporting, auditing, and payment procedures to replace the 300 regulations which now apply to grants administered there.
Reducing Application Burdens	HEW has revised the form which university administrators must complete to apply for student financial aid funds. The revision will save almost 100,000 hours of work for school administrators.
Coordinating Categorical Grants	HEW is developing a competitive program under which selected high priority state and local projects that would otherwise have been funded by several HEW categorical grant programs will receive support through one award based on simplified application and administrative procedures.
Expanding Letter of Credit	HEW will begin converting three additional states to the Department's single letter of credit system in October, 1977. The system makes it possible for grantees to submit claims for payment under <u>all</u> HEW programs on one piece of paper.

(MORE)

Reducing Duplicative Requests	HEW's National Center for Education Statistics is developing a "paperwork control" system which will enable the Center to identify and eliminate redundancy among the 400 different reporting requirements of the Education Division and the Office for Civil Rights at HEW.
Promoting Joint Funding Projects	The Department of Housing and Urban Development is clarifying and updating program and financial procedures for joint funding projects and assembling comprehensive lists for HUD staff and grantees of programs suitable for joint funding.
Simplifying Application Procedures	The Department of the Interior has instituted a procedure for consolidating application procedures for Land and Water Conservation Fund projects. Instead of a project-by-project submission and approval process, States may themselves design one or more proposed grant agreements to be considered by the Department.
Coordinating Regulations	The Justice Department will issue in November a manual to all federal departments giving central guidance for implementing Title VI of the Civil Rights Act and related Attorney General regulations.
Reducing Reporting Burdens	The Department of Transportation has simplified its Federal highway program reporting system in a way which saves State employees and private contractors 67,000 hours a year.
Consolidating Grants	DOT is considering an experiment in consolidating planning grants for State and regional organizations. The program will allow grantees to receive highway, mass transit, rail and airport planning funds under one grant, after meeting statutory requirements.
Simplifying Grant Requirements	DOT has recommended thirty-three proposed initiatives to simplify Federal highway grant regulations. The changes would reduce unnecessary requirements such as those associated with assurance of compliance; increase grantee administrative flexibility and responsibility by, for example, allowing such officials to set their own standards with federal direction; and assure greater input into the development of new regulations through expanded use of the <u>Federal Register</u> . Final promulgation is expected in November.
Simplifying Application Procedures	DOT is simplifying application procedures for airport development grants so that a simple certification statement from a grantee can be substituted for forty-seven statutory and administrative grant requirements.
Speeding Reimbursement Payments	DOT has arranged to disburse Federal highway program funds to fifteen states by electronic funds transfer. Reimbursement time has been cut in half to three to five days after receipt of the State's claim.
Expanding Letters of Credit	The Department of the Treasury, working with other agencies, has identified nine programs for possible conversion to letters of credit payment procedures. These programs will distribute a combined total of \$3 billion in FY 1978. Conversion to letters of credit will save the Treasury an estimated \$4 million a year. Included in the list are Emergency School Assistance, Economic Adjustment Assistance, Low Rent Housing Subsidies, Agriculture Research grants, Mining Enforcement and Safety, Forest Service programs, Meat and Poultry Inspection programs, Arts and Humanities grants, and UMTA programs.